

**JOINT STOCK COMMERCIAL BANK
"AGROBANK" AND ITS SUBSIDIARIES**

**Consolidated Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2020**

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
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**Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Statement of management's responsibilities for the preparation
and approval of the consolidated financial statements
for the year ended 31 December 2020**

Management of Joint Stock Commercial Bank "Agrobank" ("the Bank") and its subsidiaries ("the Group") is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at 31 December 2020, and the related consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining accounting records in compliance with legislation of the Republic of Uzbekistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Management on 10 June 2021.

On behalf of the Management Board:


Mamatkulov R.U.
Chairman of the Management Board

10 June 2021
Tashkent, Uzbekistan




Yuldoshov A.O.
Chief Accountant

10 June 2021
Tashkent, Uzbekistan

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Commercial Bank "Agrobank"

Opinion

We have audited the consolidated financial statements of Joint Stock Commercial Bank "Agrobank" and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p><i>Assessment and measurement of expected credit losses (ECL) on loans and advances to customers.</i></p> <p>As disclosed in note 8, loans and advances to customers amounted to UZS 25,293,731 million as at 31 December 2020 less expected credit losses of UZS 425,101 million.</p> <p>For loans assessed on a collective basis, the impairment model incorporate assumptions on probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), which are inherently judgmental (Note 3). The complex ECL model may be misstated due to errors in the underlying data – incomplete or inaccurate loan information (overdue days, outstanding balances and etc.), incorrect assessment of PD, LGD and EAD assumptions.</p> <p>For significant credit-impaired loans to customers, the ECL are assessed on the individual basis.</p>	<p>We obtained understanding of the management's process relating to assessment and measurement of expected credit losses on loans to customers.</p> <p>We analysed the impairment methodology of the Group in respect of loans and advances to customers for its compliance with IFRS 9 requirements.</p> <p>We challenged the key assumptions for exposure at default, probability of default and loss given default rates with the reference to the historical information.</p> <p>Further, we analysed integrity of the models and tested accuracy and completeness of input data used in the models by selecting a sample of loans and tracing to source documents.</p>

Significant judgement is involved in identifying the loan as defaulted.

In response to the COVID-19 pandemic, the Group has allowed borrowers to postpone monthly repayments of interest and/or principal on loans to later periods (the "forbearance program"). The implementation of this forbearance program and the unprecedented uncertainty over the economic implications created by the pandemic increased the subjectivity in assessment of ECL on loans and advances to customers.

Because loans to customers form a major portion of the Group's assets, and due to the significance of the judgments and subjectivity of assumptions used in classifying loans to customers into various stages stipulated in IFRS 9 and assessing the related expected losses, this area was determined as a key audit matter.

For a sample of collectively assessed loans we ascertained whether the significant increase in credit risk had been identified in a timely manner.

For individually assessed loans we analysed appropriateness of loans' staging by selecting a sample from these loans and testing whether classification into respective stages were properly and timely made.

We also analysed the assumption related to allocation of borrowers in stages after completion of the forbearance program period provided to borrowers and performed the subsequent to year end analysis ("back testing") of the repayment of the loans.

We evaluated the adequacy and completeness of disclosures in the financial statements relating to the loans to customers in accordance with IFRS requirements.

We found no material exceptions in these tests.

Liquidity and Going concern principle

As disclosed in Note 3 and 16 to the consolidated financial statements, as at 31 December 2020, the Group was not compliant with certain financial covenants stipulated in the loan agreements with two financial institutions with an aggregate borrowings amounting to UZS 304,589 million. This, as a consequence, triggered cross default clauses stipulated in the loan agreements signed between the Group and six other financial institutions with the year-end aggregate outstanding balance of UZS 3,083,607 million. The breach of covenants and resultant cross defaults gave the respective financial institutions the right to demand repayment of their borrowings extended to the Group prior to their original maturity.

The Management has, therefore, classified the borrowings for the total amount of UZS 3,388,196 million as "Demand less than 1 month" in the liquidity disclosure (Note 29).

In reaching the conclusion on its ability to continue as a going concern in the foreseeable future, the Group had assumed the continued provision of funds by lenders and support by the Government of the Republic of Uzbekistan, considered the effect of the breach of financial covenants, its strategic role as government arm in the economy of Uzbekistan and its ability to take mitigating actions if and when required.

The Group has concluded that the going concern basis remains appropriate and no material uncertainty exists according to actions taken and plans as described in Note 4.

We reviewed the annual budget of the Bank for 2021 as well as management's analyses of liquidity risks that it submits to the Central Bank of Uzbekistan, and evaluated reasonableness of going concern assumption by challenging management's judgments and conclusions.

We focused on evaluating and challenging the reasonableness of the Group's assumptions in respect of its strategic role in governmental programs and the continuing financial support by the Government.

We read the Management's board and the Council meeting minutes.

As part of the review of the meetings minutes above, we analyzed the sources of planned funding from the Government and international financial institutions and checked the status of negotiating and agreeing the terms of financing.

We also assessed the Group's ongoing support from the Government and performed the following procedures:

- We reviewed the Group's participation in the strategically important state programs and checked supporting documentation on eligibility for Government's financing;
 - We also reviewed the Government's plan for the Bank's share capital injections, checked the progress and reviewed relevant supporting documentation.
-

Due to significant impact of the covenant breach on the liquidity of the Group and pervasiveness of the effect of using the going concern assumption on the financial statement, this area is determined as key audit matter.

We reviewed loan agreements with regards to the risk of non-compliance with covenants and performed loan covenant calculations.

We checked appropriateness and completeness of the disclosure made in the consolidated financial statements in respect of going concern.

Other Information – Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine that matter that was of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



A handwritten signature in blue ink, appearing to read 'Erkin Ayupov', is written over a faint, larger signature.

"Deloitte & Touche" Audit Organisation LLC
License authorizing audit of companies registered
by the Ministry of Finance of the Republic of
Uzbekistan under #00776 dated 5 April 2019

Erkin Ayupov
Qualified Auditor/Engagement Partner
Auditor qualification certificate authorizing audit of
companies, #04830 dated 22 May 2010 issued by
the Ministry of Finance of the Republic of
Uzbekistan

Certificate authorizing audit of banks registered
by the Central bank of the Republic of Uzbekistan
under #3 dated 14 October 2013

Auditor qualification certificate authorizing audit of
banks, #6/8 dated 25 January 2021 issued by the
Central bank of the Republic of Uzbekistan

11 June 2021
Tashkent, Uzbekistan

Director
"Deloitte & Touche" Audit Organisation LLC

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Financial Position
as at 31 December 2020
(in millions of Uzbek soums)

	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and cash equivalents	6,33	2,989,229	1,352,296
Due from other banks	7,33	246,594	247,196
Loans and advances to customers	8,33	24,868,630	15,884,270
Investment securities	9,33	1,426,797	115,017
Investment in associates	10	51,310	100,250
Deferred income tax assets	26	45,633	10,665
Property, equipment and intangible assets	11	1,112,281	606,848
Right-of-use assets	11	7,844	11,147
Other assets	12,33	229,326	176,508
Current income tax prepayment		25,290	36,519
TOTAL ASSETS		31,002,934	18,540,716
LIABILITIES			
Due to other banks	13,33	2,560,842	1,066,756
Customer accounts	14,33	9,444,823	5,589,737
Debt securities issued	15,33	88,059	105,695
Other borrowed funds	16,33	13,499,444	6,949,992
Lease liabilities	17	11,342	14,899
Other liabilities	18	70,115	61,686
Current income tax liabilities		35,046	38,531
Subordinated debt	19,33	214,428	194,769
TOTAL LIABILITIES		25,924,099	14,022,065
EQUITY			
Share capital	20	4,932,829	4,418,062
Share premium	20	1,412	1,412
Treasury shares	20	(115)	(115)
Revaluation reserve for investment securities		4,882	7,120
Retained earnings		142,435	94,513
Equity attributable to owners of the Bank		5,081,443	4,520,992
Non-controlling interest		(2,608)	(2,341)
TOTAL EQUITY		5,078,835	4,518,651
TOTAL LIABILITY AND EQUITY		31,002,934	18,540,716

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Board

10 June 2021
Tashkent, Uzbekistan



Yuldoshov A.O.
Chief Accountant


10 June 2021
Tashkent, Uzbekistan

The notes on pages 12-70 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2020
(in millions of Uzbek soums)

	Note	2020	2019
Interest income	22,33	2,912,074	1,685,175
Interest expense	22,33	(1,642,213)	(841,828)
Net interest income	22	1,269,861	843,347
Provision for expected credit losses	6,7,8	(341,137)	(125,675)
Net interest income after provision charge for expected credit losses		928,724	717,672
Revenue from sales of agricultural machinery		-	24,058
Cost of goods sold		-	(19,101)
Net sales revenue		-	4,957
Fee and commission income	23,33	327,023	275,628
Fee and commission expense	23	(130,486)	(110,255)
Net loss from transactions with foreign currencies		(15,717)	(17,508)
Dividend income		4,502	4,490
Other operating income	24	27,393	12,686
Provision for impairment of investment in associates	10	(49,484)	(16,003)
Provision for impairment on other non-financial assets	12	(10,169)	(10,725)
(Provision for) / recovery of expected credit losses on other financial assets and credit related commitments	12,18	(14,317)	4,855
Administrative and other operating expenses	25	(993,990)	(736,829)
Share of result of associates	10	299	169
Profit before tax		73,778	129,137
Income tax expense	26	(21,610)	(56,328)
NET PROFIT FOR THE YEAR		52,168	72,809
Profit is attributable to:			
-Owners of the Bank		52,171	73,452
-Non-controlling interest		(3)	(643)
Net profit for the year		52,168	72,809
Earnings per ordinary share for profit attributable to the owners of the Bank, basic and diluted in UZS	27	14	34

On behalf of the Management Board:


Mamatkulov R.U.
Chairman of the Board

10 June 2021
Tashkent, Uzbekistan




Yuldoshov A.O.
Chief Accountant

10 June 2021
Tashkent, Uzbekistan

The notes on pages 12-70 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2020 (continued)
(in millions of Uzbek soums)

	Note	2020	2019
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Investment securities			
- Net (loss)/gain arising from revaluation of equity securities	9	(7,007)	2,179
- Income tax recorded directly in other comprehensive income	26	520	(490)
Other comprehensive (loss)/income for the year		(6,487)	1,689
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		45,681	74,498
Total comprehensive income is attributable to:			
- Owners of the Bank		45,684	75,141
- Non-controlling interest		(3)	(643)
Total comprehensive income for the year		45,681	74,498

On behalf of the Management Board:

P. M.
Mamatkulov R.U.
Chairman of the Board

10 June 2021
Tashkent, Uzbekistan



[Signature]
Yuldoshov A.O.
Chief Accountant

10 June 2021
Tashkent, Uzbekistan

The notes on pages 12-70 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Changes in Equity
as at 31 December 2020
(in millions of Uzbek soums)

	Attributable to owners of the Group					Non-controlling interest	Total	Retained earnings	Treasury shares	Revaluation reserve for investment securities	Total equity
	Note	Share capital	Share premium	Treasury shares	Revaluation reserve for investment securities						
Balance as at 31 December 2018		2,188,008	1,412	(115)	5,431	2,215,797	21,061			(847)	2,214,950
Net profit / (loss) for the year		-	-	-	-	73,452	73,452			(643)	72,809
Other comprehensive income		-	-	-	1,689	1,689	-			-	1,689
Total comprehensive income for 2019		-	-	-	1,689	75,141	73,452			(643)	74,498
Shares issued	20	2,230,054	-	-	-	2,230,054	-			-	2,230,054
Changes in non-controlling interest		-	-	-	-	-	-			(851)	(851)
Balance as at 31 December 2019		4,418,062	1,412	(115)	7,120	4,520,992	94,513			(2,341)	4,518,651
Net profit / (loss) for the year		-	-	-	-	52,171	52,171			(3)	52,168
Other comprehensive income		-	-	-	(6,487)	(6,487)	-			-	(6,487)
Total comprehensive income for 2020		-	-	-	(6,487)	45,684	52,171			(3)	45,681
Disposal of equity securities measured at FVTOCI		-	-	-	4,249	(4,249)	-			-	-
Shares issued	20	514,767	-	-	-	514,767	-			-	514,767
Changes in non-controlling interest		-	-	-	-	-	-			(264)	(264)
Balance as at 31 December 2020		4,932,829	1,412	(115)	4,882	5,081,443	142,435			(2,608)	5,078,835

On behalf of the Management Board:

P. Muzil
Mamatkulov R.U.
Chairman of the Board
10 June 2021
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant
10 June 2021
Tashkent, Uzbekistan



The notes on pages 12-70 form an integral part of these consolidated financial statements.


Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Cash Flows
for the year ended 31 December 2020
(in millions of Uzbek soums)

	Notes	2020	2019
Cash flows from operating activities			
Interest received		2,708,150	1,689,752
Interest paid		(1,536,656)	(772,399)
Fee and commission received		325,816	277,826
Fee and commission paid		(130,486)	(110,255)
Cost of goods sold		-	(19,101)
Other operating income received		37,237	8,311
Staff costs paid		(629,542)	(405,835)
Administrative and other operating expenses paid		(253,967)	(271,283)
Income tax paid		(48,313)	(47,401)
Cash flows from operating activities before changes in operating assets and liabilities		472,239	349,615
<i>Net (increase) / decrease in:</i>			
- due from other banks	33	(46,294)	(82,107)
- loans and advances to customers	33	(8,550,970)	(7,064,401)
- other assets	33	10,469	36,214
<i>Net Increase / (decrease) in:</i>			
- due to other banks	33	1,305,094	405,215
- customer accounts	33	3,683,224	2,344,604
- debt securities issued	33	(17,811)	7,866
- other liabilities		17,844	(27,330)
Net cash used in operating activities		(3,126,205)	(4,030,324)

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Cash Flows
for the year ended 31 December 2020 (continued)
(in millions of Uzbek soums)

	Notes	2020	2019
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(633,332)	(456,544)
Proceeds from sale of premises and equipment		19,126	3,665
Acquisition of investment securities	33	(1,356,581)	(96,851)
Proceeds from redemption of investments securities		55,000	
Proceeds from disposal of Investment in associate	10,33	245	1,339
Acquisition of Investment in associate	10,33	(490)	-
Dividend income received		4,502	4,490
Net cash used in investing activities		(1,911,530)	(543,901)
Cash flows from financing activities			
Issue of share capital	20	514,767	-
Proceeds from long-term placements of other banks	21,33	100,268	96,353
Repayment of long-term placements of other banks	21,33	(11,317)	-
Proceeds from other borrowed funds	21,33	15,845,766	11,969,379
Repayment of other borrowed funds	21,33	(9,872,819)	(7,573,528)
Proceeds from issuance of subordinated debt	21,33	-	168,908
Repayment of lease liabilities	21	(9,104)	(5,074)
Net cash from financing activities		6,567,561	4,656,038
Effect of exchange rate changes on cash and cash equivalents		107,078	150,092
Effect of expected credit loss	6	29	557
Net increase in cash and cash equivalents		1,636,933	232,462
Cash and cash equivalents at the beginning of the year	6	1,352,296	1,119,834
Cash and cash equivalents at the end of the year		2,989,229	1,352,296
Non-cash transactions:			
<i>Recognition of off-balance sheet items within:</i>			
-Loans and advances to customers		-	92,112
-Other borrowed funds		-	(92,112)
<i>Conversion of debt into shareholder capital</i>			
-Share capital		-	2,230,054
-Other borrowed funds		-	(2,230,054)

On behalf of the Management Board:


Mamatkulov R.U.
Chairman of the Board

10 June 2021
Tashkent, Uzbekistan




Yuldoshov A.O.
Chief Accountant

10 June 2021
Tashkent, Uzbekistan

The notes on pages 12-70 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2020
(in millions of Uzbek soums)

1 Organisation

The Bank is a Joint Stock Company set up in accordance with Uzbekistan legislation.

The Bank was established in 1995 under the laws of the Republic of Uzbekistan and has operated under the banking license #78 re-issued by the Central Bank of Uzbekistan ("CBU") on 21 October 2017.

Principal activity. The Bank's principal activities are commercial banking, retail banking, operations with securities, foreign currencies and originating loans and guarantees. The Bank accepts deposits from legal entities and individuals and grants loans, transfers payments within Uzbekistan and abroad. The Bank conducts its banking operations from its head office in Tashkent and 170 branches within Uzbekistan as of 31 December 2020 (31 December 2019: 170 branches).

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

The Government of Uzbekistan is the ultimate controlling party of the Bank. A substantial volume of the Bank's operations are with entities controlled directly or indirectly by the Government of Uzbekistan. As such, the Bank's strategy reflects the Government's strategy in developing the country's economy. Namely, the Bank plays a significant role in the distribution of funds of the country's budget, which flow through the Bank to different governmental agencies and state owned and controlled entities. In addition, being an agent of the Government in financing cotton and grain related sectors of the economy, the Bank channels funds of the Fund for Agricultural Procurement and Settlements for the state needs under the Ministry of Finance of the Republic of Uzbekistan among state entities related to these sectors

Registered address and place of business. The Bank's registered address is: 43, Mukimiy Street, Tashkent, 100096, Uzbekistan.

Presentation currency. These consolidated financial statements are presented in Uzbek Soums ("UZS"), unless otherwise stated.

Shareholders. At 31 December 2020 and 2019, the interest of the shareholders in the Bank's capital was as follows:

in %	2020	2019
The Fund of Reconstruction and Development of the Republic of Uzbekistan	80.74	78.48
State Assets Management Agency of the Republic of Uzbekistan	-	18.69
State Cotton Association "Uzpakhtasanoat" and its member companies	-	1.04
Ministry of Finance of the Republic of Uzbekistan	16.73	-
Other legal entities (individually hold less than 1%)	2.39	1.63
Other shareholders (Individually hold less than 1%)	0.14	0.16
Total	100	100

In accordance with the Presidential Decree #4487 dated 9 October 2019, in 2020 the shares of the Bank owned by the State Assets Management Agency of the Republic of Uzbekistan ("the Agency") were transferred to the Ministry of Finance of the Republic of Uzbekistan ("MOF" or "the Ministry of finance").

On the basis of the Presidential decree #4828 dated 15th September 2020, the Fund of Reconstruction and Development of the Republic of Uzbekistan has purchased newly issued shares for the total amount of UZS 514,767 million. The Group is ultimately controlled by the Government of the Republic of Uzbekistan.

Subsidiary. These consolidated financial statements include the following subsidiaries at 31 December 2020 and 2019:

Subsidiary	Ownership 2020	Ownership 2019	Country	Industry	Year of acquisition
JSC "Agro Finans Leasing" (Pakhta Leasing)	99.5%	88%	Uzbekistan	Leasing	2006
"Leader Finance" LLC	100%	100%	Uzbekistan	Depository	2004

JSC "Agro Finans Leasing" (Pakhta Leasing) was registered in Tashkent city on 17 March 2006. Starting from January 2020 the company has changed its main activity from sale and lease of agriculture machinery and spare parts to building greenhouses across the country and selling or leasing them upon completion.

"Leader Finance" LLC was registered in Tashkent city on 13 September 2004. The activities of the company include depository services, as well as acting as investment agent and an investment consultant.

2 Operating Environment

The Uzbekistan economy displays characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Also, the banking sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments. The largest Uzbek banks are state-controlled and act as an arm of Government to develop the country's economy. The Government distributes funds from the country's budget, which flow through the banks to various government agencies, and other state and privately owned entities.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government, together with other legal, regulatory and political developments, all of which are beyond the Bank's control.

The Bank's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations which greatly impact Uzbek financial markets and the economy overall.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it has a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Group has already started to face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets.

In December 2020, S&P Global Ratings affirmed its long- and short-term foreign and local currency ratings on Uzbekistan at 'BB-/B' with the outlook to remain negative. The decision to remain the outlook as negative was made due to rapid rise in the country's external and fiscal debt, partly due to USD 1 billion (UZS 10,476,920 million at the exchange rate prevailing as at the reporting date) in additional government spending in response to the coronavirus pandemic. Also, in April and September 2020, the CBU reduced the refinancing rate from 16% to 15% and from 15% to 14%, respectively.

Management of the Group is monitoring developments in the current environment and taking the following measures, it considers necessary in order to support the sustainability and development of the Group's business in the foreseeable future:

- In response to the COVID-19 pandemic, the Group introduced repayment holidays of up to six months to enable customers to take a temporary break from making loan repayments where they are experiencing, or are reasonably expected to experience, payment difficulties caused by COVID-19. During 2020, the Group provided forbearances to customers and as of year-end total outstanding balance of forbearing loans is equaled to UZS 4,860,430 million or approximately 19.2% of the gross loan portfolio. The forbearance solutions offered relief in the form of reductions to contractual payments falling due during the quarantine period by rescheduling them to later period including freezes to interest payments for a minimum period of six months for customers who have longer term financial difficulties.
- As at 31 December 2020, the allowance for expected credit losses increased by UZS 310,736 million compared to allowance as at 31 December 2019.
- The Group has taken a number of steps to mitigate the effect on its portfolios and risk profile, performing stress-testing of various COVID-19 related scenarios, and it remains vigilant in the light of the developing situation:
- During the pandemic the Group expanded offering of banking products through digital and distance channels, which were previously provided exclusively at the Bank's branches.

- Towards the end of Q1 2020, the Group has also implemented remote work arrangements and restricted business travel effective mid-March 2020 and reinstated the business as usual state from September 2020.

In addition, the CBU introduced a set of regulatory changes aimed at providing relief to the Banking sector, which was negatively affected by the global economic slowdown and COVID-19 pandemic. The main directions of the changes were as follows:

- The commercial banks were provided with additional liquid resources as a result of easing the requirements for mandatory reserves with the CBU. This measure has allowed the Bank to enjoy additional liquidity;
- The CBU made available for the commercial banks a credit line collateralized with mortgage loans and/or loans classified as "standard";
- For regulatory and statutory purposes, the commercial banks were allowed not to reduce the quality classification of the loans restructured as a result of pandemic, which in turn allowed the banks not to increase their impairment allowances;
- The CBU postponed the introduction of more stringent liquidity requirements (In particular, liquidity coverage ratio – LCR) from mid-2020 to 2021;
- Quarterly contributions to the State Deposit Insurance Fund have been reduced from 0.25% to 0.05% starting from 1 July 2020.

The Group's management monitors current changes in the economic situation and takes measures that it considers necessary to maintain the stability and development of the Group in the near future. However, the significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Uzbekistan economy. The impact of changes in the economic environment on the future results of operations and the financial position of the Group's is currently difficult to determine.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Group management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Determination of fair value of the assets with non-market terms

Loans issued by the Group in accordance with the instructions of the authorities do not have similar financial instruments in the market, have been granted under government programs and due to their uniqueness and the specifics of the government lending program and category of borrowers, form a separate market segment. Therefore, the management believes that contractual interest rates are market rates for such loans and therefore the Group initially recognizes loans at fair value, which equals their nominal value.

Loans issued by the Group to other banks under small and medium sized enterprises financing programs, as well as under financing programs of other banks in the agricultural sector, do not have similar financial instruments in the market, have been granted under government programs and orders of the authorities and due to its uniqueness, as well as the specifics of the government program of lending and the category of ultimate counterparties, form a separate market segment. Therefore, the management believes that contractual interest rates are market rates for such loans and the Group initially recognizes such financial instruments at fair value which equals their nominal value.

Determination of fair value of financial liabilities raised on terms other than market terms

The Group's financial liabilities are initially recognized at fair value. Where financial liabilities bear interest at different rates than market rates in order to form related assets, the interest rates of which also do not correspond to market rates taking into account the Group's margin, the nominal value of financial liabilities is recognized as the fair value.

Where liabilities that do not have related assets are raised under terms that are different from market terms, the fair value of the liability is determined using valuation techniques that discount the liability at the interest rate determined as the market average for similar liabilities at the date of initial recognition.

Measurement of allowances for expected credit losses ("ECL")

Almost all sectors of the economy of Uzbekistan, both in terms of individuals and legal entities, have been adversely affected by the unprecedented economic and social disruption resulting from Covid-19 which has led to significant government interventions and support. This has caused an increased level of uncertainty and volatility in the economic activity of Uzbekistan during year 2020.

In addition, currently limited observable data available to inform a supportable, fully-modelled view on how the economic impacts of this pandemic might affect customers has further exacerbated the ability of the banking sector of Uzbekistan to assess the levels of ECL. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and the NPL. As at the reporting date, statistical tests have failed and ECL across all loan portfolios has not been adjusted for forward-looking information and macroeconomic scenarios. The Management updates its statistical tests for correlation as at each reporting date.

Therefore, due to the increased risk and uncertainties at this time to incorporate the specific effects of the pandemic and the related government support measures, the Management of the Group considered to apply additional overlay in measuring the ECL by introducing the additional scenarios to the existing ECL model that are discussed in the paragraph below.

In response to the COVID-19 pandemic, in the beginning of Q2 2020 the Group has introduced repayment holidays of up to six months to enable customers to take a temporary break from making loan repayments where they are experiencing, or are reasonably expected to experience, payment difficulties caused by COVID-19. During 2020, the Group provided forbearances to customers and as of year-end total outstanding balance of forbearing loans is equaled to UZS 4,860,430 million or approximately 19.2% of the gross loan portfolio. The forbearance solutions offered relief in the form of reductions to contractual payments including freezes to interest payments for up to six months. The forbearance was provided to all customers notwithstanding their financial difficulties before the COVID-19 pandemic. These measures have not been treated as a trigger for credit impairment as those were based on legislative moratoria on loan repayments applied in light of the COVID-19 crisis.

The Group defines whether the COVID-19 pandemic is having an impact on a significant increase in the credit risk of borrowers. The Group has temporarily redefined the forbearance status by applying Curing Procedure thus adjusting the staging given the pandemic effect.

Curing Procedure applied only to loans in Stage 3 that have been restructured only once during 2020 and had no overdue during pandemic and subsequently in the scheduled payments.

The Management is closely monitoring the servicing of the loan portfolio to assess the adequacy of the overlay starting from 1 October 2020, and updating the ECL measurement as more information becomes available to support an update, incorporating alternative economic scenarios.

Changes in judgements and assumptions could result in a material adjustment to those estimates in the next reporting periods.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

As explained in Note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models. See Note 3 for more details on fair value measurement.

Key sources of estimation uncertainty

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

PD for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's), which publish tabular data with the values of the probabilities of default.

The probabilities of default are maintained up to date and are updated on a periodic basis as the default statistics are updated.

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral.

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign.

LGD for collectively assessed loans is calculated based on an estimate of the recoverability of debt in case of the pledged collateral sale with a discount period that corresponds to the pledged collateral implementation terms.

4 Significant accounting policies

Statement of compliance. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Going concern. These consolidated financial statements have been prepared on the assumption that the Group is as a going concern and will continue in operation for the foreseeable future.

The Group's activities continue to be affected by the uncertainty and instability of the current economic environment. The financial position and the results of the Bank continue to be significantly impacted by the reforms of the new government, including those directed at increasing living standards, incomes, and job opportunities in rural regions.

For the year ended 31 December 2020, the Group had a cash outflow from operating activities mainly as a result of on-lending the funds received from international financial institutions and the State to finance the government and investment projects increasing the loans and advances to customers by 57%.

As at 31 December 2020, the Bank was not in compliance with certain financial covenants of its loan agreements with VTB Bank and EMF Microfinance Fund. Consequently, by virtue of cross-default clauses with six other financial institutions, the Bank has recognized callable debt for the total amount of UZS 3,388,196 million, as discussed in detail in Note 16.

Accordingly, the Group had a cumulative liquidity shortfall up to 12 months of UZS 1,450,917 million (Note 29).

Management believes that the Group will be able to continue as a going concern for the foreseeable future based on the following:

- Continued ongoing support by the Government of the Republic of Uzbekistan ("the State"). The Group is a state owned bank with the Ministry of Finance and UFRD as key shareholders, jointly holding 97.47% interest in the share capital of the Bank. The Group is a strategic financial

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- institution of the Republic of Uzbekistan, responsible for the development of agricultural sector, as well as promoting entrepreneurship activities.
- The Bank was provided with additional liquid resources on the basis of the Presidential Decree #4633 dated 6 March 2020 "On measures for wide implementation of market principles in the cotton growing industry", and the resolution of the Cabinet of Ministers of the Republic of Uzbekistan #130 dated 11 March 2021 "On the organisation of government financial support for producers of agricultural goods". Subsequent to the reporting date, the Bank received funds in the amount of UZS 2,756,634 million with maturities ranging from 12 to 18 months for financing of the projects related to the agricultural industry.
 - On the basis of the Presidential Decree #5041 dated 27 March 2021 "On additional measures implemented in the framework of family entrepreneurship development programs", the Group received additional funds from the UFRD in the amount of UZS 800,000 million with maturity of 7 years and UZS 208,000 million with maturity of 6 years under the state program of "Every family is an entrepreneur".
 - Furthermore, in 2021 according to the Presidential Decree #5041 dated 27 March 2021, the Group shall increase its Share Capital in the amount of UZS 700,000 million. Thus, the Group is expecting to receive funding from the Ministry of Finance in August 2021 to increase its share capital.
 - Subsequent to the reporting date, the Group has attracted further long term financing from International financial institutions for the total amount of USD 90 million and EUR 39 million (UZS 945,759 and 514,998 million respectively at exchange rate on a date of transactions) as described in Note 34.
 - The Bank plays a vital role as a government arm/vehicle to channel the State funds to the strategic sectors of the economy of Uzbekistan. The Management believes that in spite of a substantial portion of customer accounts being on demand, the fact that significant portion of these customer accounts are of large State controlled entities which are either the Group's shareholders or its entities under common control and the past experience of the Group indicate that these customer accounts provide a long-term and stable source of funding for the Group.

Basis of preparation. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5).

The Group is required to maintain its records and prepare its financial statements for regulatory purposes in Uzbekistan Soums in accordance with Uzbekistan Accounting Legislation and related instructions. These consolidated financial statements are based on the Bank's Uzbekistan Accounting Legislation books and records, adjusted and reclassified in order to comply with IFRS.

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Consolidated financial statements.

Subsidiaries, which are those entities over which the Group has control, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only if the following conditions are met:

- power over the investee (i.e., the rights that give it the current ability to govern the relevant activities of the investee);
- the Group has exposure associated with variable income from participation in the investee, or rights to receive such income;
- the Group is able to affect its returns by exercising its power over the investee.

Generally, it is assumed that the majority of voting rights give rise to control. In order to support this assumption and when the Group has less than a majority of the votes or similar rights over an investee, the Group considers all significant facts and circumstances in assessing whether it has power over that investee:

- agreements with other vote holders in the investee;
- rights arising from other agreements;
- voting rights and potential voting rights held by the Group.

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Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in full; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Losses of a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance.

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary (including goodwill) and the carrying amount of any non-controlling interest in the cumulative translation differences recorded in equity; recognizes the fair value of the consideration received, the fair value of any surplus or deficit in profit or loss on the remaining investment; reclassifies the parent's share of the components previously recognized in other comprehensive income.

Non-controlling interest is that part of the net results and equity of a subsidiary attributable to equity interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest represents a separate component of the Group's equity.

Investments in associates

Associates are entities in which the Group generally holds between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which are not controlled by the Group or jointly controlled by the Group and other parties. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost, including goodwill. Subsequent changes in the carrying amount reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognized in profit or loss, and its share of movements in reserves is recognized in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortized cost is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales

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commission, placement fees and syndication fees – is recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

A contract with a customer that results in a recognized financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and financial liabilities

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognized in other comprehensive income, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- interest income using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in other comprehensive income. Cumulative gains and losses recognized in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. This includes the management's strategy on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or expected cash outflows or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that

business model) and how those risks are managed.

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose and the Group continues to recognize these assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group analyses:

- contingent events that would change the amount and timing of cash flows;
- terms and conditions that may adjust the coupon rate stipulated in the contract, including variable rate terms;
- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse financial asset arrangements).

A prepayment condition meets the SPPI criterion if the amount paid at prepayment represents essentially the outstanding portion of the principal and interest on the outstanding portion and may include reasonable additional compensation for early termination of the contract. In addition, a prepayment condition shall be deemed to meet this criterion if the financial asset is acquired or created with a premium or discount to the nominal amount specified in the contract, the amount payable on prepayment is in effect the nominal amount specified in the contract plus contractual accrued (but not paid) interest (and may also include reasonable additional compensation for early termination of the contract); and at initial recognition of a financial asset, the fair value of its early redemption condition is insignificant.

Financial assets - subsequent assessment and profit and loss

Financial assets measured at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss for the period.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by the amount of impairment losses. Interest income, foreign currency gains, losses and impairment losses are recognized in profit or loss. Any gain or loss arising on derecognition is recognized in profit or loss for the period.

Investment in debt instruments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign currency gains, losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When derecognized, the gains or losses accumulated in other comprehensive income are reclassified to profit or loss for the period.

Investments in equity instruments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless it is clear that the dividend represents a return on part of the investment's cost. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss for the period.

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Impairment of financial assets

The financial asset is considered to be in default, or credit impaired, when it meets one or more of the following criteria:

For loans and advances to corporate clients and state and municipal organisations:

- the borrower is more than 90 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more;
- the loan had experienced prolongation of loan life period for more than 12 month;
- the loan had experienced the change in repayment schedule of principal and interest or change in interest rate which results in 10% decrease of initially determined discount future cash flow;
- the loan has been classified as uncollectible in accordance with CBU instructions;
- cross default;
- involvement of the borrower in litigation processes.

For loans and advances to individuals:

- the borrower is more than 90 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for more than 12 month due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule of principal and interest or change in interest rate which results in 10% decrease of initially determined discount future cash flow;
- the loan has been classified as uncollectible in accordance with CBU instructions;

For other financial assets, debt securities and other treasury assets:

- the counterparty or issuer rated at Caa1 (Moody's) or lower;
- the counterparty or issuer is more than 90 days past due;
- involvement of the borrower in litigation processes.

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or subsidiary criteria have been met:

For loans and advances to corporate clients and state and municipal organisations:

- Decrease in the class of loan classification of the Borrower in comparison with its class at the date of comparison by 2 or more points and / or to the level of "unsatisfactory";
- the borrowers is more than 30 days past due on its contractual payments;

- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for more than 12 month due to deterioration in the borrower's creditworthiness;
- Property disputes between beneficiaries owning more than 20% of the borrower's shares, each for an amount exceeding 30% of the EAD;

For loans and advances to corporate individuals:

- the loan has been classified as unsatisfactory in accordance with CBU instructions;
- the borrowers is more than 30 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for more than 12 month due to deterioration in the borrower's creditworthiness;

For other financial assets, debt securities and other treasury assets,:

- deterioration of the counterparty's or issuer's rating by 3 notch;

Due to absence of accurate historical data on loans and advances to customer, impairment criteria stated above, except for days past due was not used. The management have started accumulating accurate and complete data in order to use enhanced model once the data is collected.

As discussed Note 3, the Group implemented certain critical accounting judgements to consider COVID-19 effect on Loans and advances to customers.

ECL measurement - description of estimation techniques

General principle

For financial assets that are not purchased or originated credit impaired ("POCI") assets. ECLs are generally measured based on the risk of default over one of two different time periods, depending on whether the borrower's credit risk has increased significantly in a three-stage model for ECL measurement:

Stage 1: a group of financial instruments for which no significant increase in the credit risk level has been recorded since initial recognition and provisions for this group are created as 12-month ECL, and interest income is calculated based on the gross book value.

Stage 2: a group of financial instruments for which a significant increase in the credit risk level has been recorded since the initial recognition and for which provisions equal the ECL amount for the instrument's lifetime, and interest income is calculated based on the gross carrying amount of the financial asset.

Stage 3: a group of credit-impaired financial instruments, for which provisions equal the ECL amount for the instrument's lifetime, and interest income is accrued based on the carrying amount of the asset, net of the loss allowance.

The Group defines individually significant loans as loans with total outstanding balances exceeding the threshold of 1% of the Group's loan portfolio as at reporting date. ECL for individually significant loans in Stage 3 are assessed on an individual basis, whereas, ECL for individually significant loans in Stage 1 and 2 are assessed on a collective basis.

ECL for POCI financial assets is always measured on a lifetime basis (Stage 3), and at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans and advances to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of time (6 months) before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss provision reverts to being measured at an amount equal to 12-month ECL.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has

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reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of provision for ECL in the consolidated statement of financial position

Loss provisions for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss provision for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss provision over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss provision is disclosed and is recognized in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities – classification, subsequent assessment and profit and loss

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at fair value through profit or loss, if it is classified as held for trading, it is a derivative, or it is designated as such by the entity on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gain or loss, including any interest expense, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency gains and losses are recognized in profit or loss. Any gain or loss arising on derecognition is also recognized in profit or loss.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial

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modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Group due to changes in the CBU key rate, if the loan agreement entitles the Group to do so.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with the SPPI criterion (e.g. inclusion of conversion feature).

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Group further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;

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- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. For a service contract, the Group is required to recognize either a service asset (if the consideration to be received is more than sufficient compensation for the performance of the service) or a service liability (if the consideration to be received is not sufficient compensation for the performance of the service).

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Any cumulative gain/loss recognized in other comprehensive income in respect of financial liabilities designated as at FVTPL is not recognized in profit or loss on derecognition of such financial liabilities.

Loans and advances to customers

Loans and advances to customers' caption in the consolidated statement of financial position include: loans and advances to customers measured at amortized cost (see Note 8); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost less ECL using the effective interest method.

Fair value through profit or loss

- Trading assets were those assets that the Group acquired or incurred principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit or position taking. Trading assets were initially recognized and subsequently measured at fair value in the consolidated statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value were recognized as part of net trading income in profit or loss.

Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at FVTPL.

When the Group designates a financial liability as at FVTPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in other comprehensive income as a liability credit reserve. On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with
- the impact on profit or loss of expected changes in fair value of the related instruments.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured as follows:

- at the higher of the loss allowance determined in accordance with IFRS 9 (see Note 3(d)(iv)) and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15; and

The Group has issued no loan commitments that are measured at FVTPL.

For other loan commitments:

- the Group recognizes a loss provision;

Liabilities arising from financial guarantees and loan commitments are included within provisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the CBU (excluding obligatory reserves) and amounts due from credit institutions that mature within 90 days of the date of origination and are free from contractual encumbrances.

Investment securities

Investment securities includes equity securities measured at fair value, with fair value changes recognized immediately in other comprehensive income and debt securities measured at amortised cost.

Amounts due to and due from credit institutions

In the normal course of business, the Group advances amounts due from credit institutions for various periods of time. Amounts due from other banks are not available for immediate or short-term sale and are carried at amortized cost using the effective interest rate if they have fixed maturities. Amounts that do not have fixed maturities are carried at amortized cost based on the expected maturities of those assets. Amounts due from credit institutions are carried net of any provision for impairment losses.

Mandatory reserve deposits with CBU represent mandatory reserve deposits which are not available to finance the Bank's day to day operations. Obligatory reserves with CBU are included in amounts due from credit institutions for the purposes of the statement of cash flows.

Amounts due to credit institutions are recorded when cash or other assets are advanced to the Group by counterparty banks. These non-derivative financial liabilities are carried at amortized cost.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee. Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

1. Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
2. Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
3. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Administrative and other operating expenses' in profit or loss.

Customer accounts

Customer accounts are non-derivative financial liabilities to individuals, state or corporate customers and are carried at amortized cost.

Borrowings

Borrowings are non-derivative liabilities from state and financial institutions and are carried at amortized cost.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Pledged property recovered from outstanding loans

Pledged property recovered from outstanding loans represents financial and non-financial assets received by the Group in settlement of overdue loans. These assets are initially recognized at fair value upon receipt and included in property and equipment or other non-financial assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Prepayments

Prepayments are non-financial assets that are initially measured at cost less accumulated impairment losses.

Property and equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation of an asset begins when it becomes available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Years
Building and premises	20-30
Office and computer equipment	5-10

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Upon initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets have limited or indefinite useful lives. Intangible assets with limited useful lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization periods and procedures for intangible assets with indefinite useful lives are reviewed at least annually at the end of each reporting year.

	Years
License	5-6
Software	5-6

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividend rights are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are recorded as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized share premium.

Preference shares which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised as interest expense on an amortised cost basis, using the effective interest method.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorized for issue.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of shares outstanding during the reporting year.

Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated statement of financial position but are

disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Employee benefits and social security contributions

In the Republic of Uzbekistan, the Group contributes to the unified social tax system. These contributions are also recorded on an accrual basis. Unified social tax includes contributions to the Pension Fund. The Group does not have its own pension scheme. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

Taxation

The current income tax charge is calculated in accordance with the regulations of the Republic of Uzbekistan and the cities in which the Bank has offices, branches and subsidiaries.

Deferred tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for consolidated financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Foreign currency translation.

The functional currency of the Group, which is the currency of the primary economic environment in which the Group operates and the Group's presentation currency is the national currency of the Republic of Uzbekistan, Uzbekistan Soum ("UZS").

Monetary assets and liabilities are translated into Group's functional currency at the official exchange rate of the CBU at the end of respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Group's functional currency at year-end official exchange rates of the CBU are recognised in profit or loss for the year. Translation at the year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The results and financial position of each group entity are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) components of equity are translated at the historic rate; and
- (iv) all resulting exchange differences are recognised in other comprehensive income.

At 31 December 2020 the principle rate of exchange used for translating foreign currency balances was USD 1=UZS 10,476.92 (2019: 9,507.55) and EUR 1 = UZS 12,786.03 (2019: 10,624).

5 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Group effective January 1, 2020:

Amendments to IFRS 9, IFRS 7	<i>Basic interest rate reform</i>
Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Materiality</i>
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>

The above standards and interpretations were reviewed by the Group's management, but did not have a significant effect on the financial statements of the Group.

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16. In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- 1) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 2) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- 3) There is no substantive change to other terms and conditions of the lease.

This amendment is effective for annual reporting periods beginning on or after 1 June 2020. Applied retrospectively in accordance with IAS 8, but does not require revise prior periods. There is no any modification to existing leases of the Bank during 2020 and after the reporting period, accordingly there is no any effect of the application of the amendment.

Amendments to IFRS 3 Definition of a business. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020. The management of the Group does not expect that the application of these changes will have an impact on the financial statements of the Group.

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New and revised IFRS Standards in issue but not yet effective.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
Amendments to IAS 1 (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles)	Classification of Liabilities as Short-Term or Long-Term
Amendments to IAS 1 (Annual reporting periods beginning on or after 1 January 2023)	Disclosure of Accounting Policies
Amendments to IAS 8 (Annual reporting periods beginning on or after 1 January 2023)	Definition of Accounting Estimates
Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IFRS 3	Business combinations - Reference to the Conceptual Framework
Amendments to IAS 16	Property and equipment - Proceeds before Intended Use
Amendments to IAS 37	Provisions, contingent liabilities and contingent assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 1, IFRS 9, IAS 41; and illustrative examples accompanying IFRS 16.	Annual Improvements to IFRS 2018-2020 cycles

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

IFRS 17 Insurance Contracts. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023 (previously - on or after 1 January 2021).

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For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The management of the Group does not expect that the application of this standard will have an impact on the financial statements of the Group in the future, since the Group does not have instruments within the scope of this Standard.

Amendments to IAS 1 Classification of Liabilities as Short-Term or Long-Term (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles). The amendments are intended to facilitate the understanding that a liability is classified as long-term if the organization expects and has the authority to refinance the liability or postpone its maturity by at least 12 months after the reporting period under the existing credit line with the previous lender, on equal or similar terms.

The amendments only amend the presentation of liabilities in the statement of financial position, i.e. not regarding the amount, the moment of recognition or disclosure of information. The amendments clarify that the classification should be based on the existence at the end of the reporting period of the right to defer repayment of a liability for at least 12 months. Thus, the amendments explicitly indicate that only those rights that exist "at the end of the reporting period" should affect the classification of the liability. Moreover, the classification does not depend on expectations as to whether the organization will use the right to defer repayment of the liability, which means transferring funds, equity instruments, or other assets or services to a counterparty.

The amendments apply retrospectively to the periods beginning on or after 1 January 2023. Early application is acceptable.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IAS 1 Disclosure of Accounting Policies are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies. Several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. And the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Definition of Accounting Estimates (Amendments to IAS 8) are intended to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. It also requires lessees that apply the exemption to disclose that fact and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2. The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the impact of the interest rate benchmark reform on the modification of financial assets, financial liabilities and lease liabilities, hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

Modification of financial assets, financial liabilities and lease liabilities. The IASB introduces a practical expedient for changes in contractual cash flows as a direct consequence of the interest rate benchmark reform provided that the new cash flow basis is economically equivalent to the original basis. According to the practical exception these modifications are accounted prospectively for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16. Disclosures. The amendments require that an entity discloses additional information in order to allow users to understand the nature and extent of risks arising from the IBOR and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Early application is permitted. Restatement of prior periods is not required, however, an entity may restate prior periods if, and only if, it is possible without the use of hindsight.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date has yet to be set; however, earlier application of the amendments is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods should such transactions occur.

Annual Improvements to IFRS 2018-2020 Cycles. The list of amendments includes amendments to the three standards, as well as annual improvements to the Board, which are changes that clarify the wording or eliminate minor inconsistencies, omissions or contradictions between the requirements in the standards.

- **The amendments to IFRS 3 Business Combinations** update the reference in IFRS 3 to the Conceptual Framework for Financial Statements without changing the accounting requirements for a business combination.
- **Amendments to IAS 16 Property, Plant and Equipment** prohibit deducting from the value of property, plant and equipment the amounts received from the sale of manufactured goods while preparing the asset for its intended use. Instead, these sales revenue and related costs are recognized in profit or loss.
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** determine the costs to be included in assessing whether the contract is unprofitable.
- Annual Improvements introduce minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and illustrative examples accompanying IFRS 16 "Leases".

All amendments are effective on 1 January 2022, early application is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods should such transactions occur.

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6 Cash and cash equivalents

	31 December 2020	31 December 2019
Cash balances with the CBU	1,311,822	335,129
Cash on hand	1,012,792	605,620
Correspondent accounts and overnight placements with other banks	664,666	316,463
Placements with other banks with original maturities of less than three months	-	95,164
Less: ECL provision	(51)	(80)
Total cash and cash equivalents	2,989,229	1,352,296

As at 31 December 2020 and 2019, the Group had no counterparties, other than CBU, whose balances of cash and cash equivalents exceeded 5% of the Group's equity.

The credit quality of cash and cash equivalents balances is summarized as follows as at 31 December 2020:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
<i>Neither past due nor impaired</i>			
- Aa1 (Moody's)	-	844	844
- Aa2 (Moody's)	-	96	96
- Aa3 (Moody's)	-	2,697	2,697
- A3 (Moody's)	-	9,404	9,404
- A1 (Moody's)	-	466,864	466,864
- Baa3 (Moody's)	-	6	6
- Ba1 (Moody's)	-	325	325
- BB- (Fitch)	1,311,822	-	1,311,822
- B1 (Moody's)	-	47,975	47,975
- B2 (Moody's)	-	3	3
- B3 (Moody's)	-	1	1
- B- (S&P)	-	136,451	136,451
Total cash and cash equivalents, excluding cash on hand and ECL provision	1,311,822	664,666	1,976,488

The credit quality of cash and cash equivalents balances is summarized as follows as at 31 December 2019:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>				
- Aa1 (Moody's rated)	-	132,646	-	132,646
- Aa2 (Moody's rated)	-	32	-	32
- Aa3 (Moody's rated)	-	2,644	-	2,644
- A1 (Moody's rated)	-	125,843	-	125,843
- Baa3 (Moody's rated)	-	1,878	-	1,878
- Ba3 (Moody's rated)	-	304	95,164	95,468
- BB- (Fitch)	335,129	-	-	335,129
- B1 (Moody's rated)	-	51,076	-	51,076
- B2 (Moody's rated)	-	2,040	-	2,040
Total cash and cash equivalents, excluding cash on hand and ECL provision	335,129	316,463	95,164	746,756

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7 Due from other banks

	31 December 2020	31 December 2019
Placements with other banks with original maturities of more than three months	128,865	6,879
Long term loans to other banks	57,370	71,210
Mandatory reserve with CBU	57,114	165,911
Restricted cash	4,606	4,945
Less: ECL provision	(1,361)	(1,749)
Total due from other banks	246,594	247,196

In order to provide relief to the banking sector, which was negatively affected by the global economic slowdown and COVID-19 pandemic, the CBU has eased the requirements for mandatory reserves to support banking sector liquidity. Hence, the mandatory cash balances with the CBU has decreased in 2020.

Restricted cash represents balances with foreign banks placed by the Group on behalf of its clients. The Group does not have the right to use these funds to finance its activities.

The credit quality of amounts due from other banks as at 31 December 2020:

	Placements with other banks with original maturities of more than three months	Long term loans to other banks	Mandatory reserve with CBU	Restricted cash	Total
<i>Neither past due nor impaired</i>					
- Aa1 (Moody's rated)	-	-	-	3,336	3,336
- A1 (Moody's rated)	-	-	-	644	644
- BB- (Fitch rated)	53,364	6,684	57,114	526	117,688
- B1 (Moody's rated)	13,708	15,142	-	100	28,950
- B2 (Moody's rated)	14,943	-	-	-	14,943
- B (Fitch rated)	46,850	32,208	-	-	79,058
- B3 (Moody's rated)	-	3,336	-	-	3,336
Total due from other banks, excluding ECL provision	128,865	57,370	57,114	4,606	247,955

The credit quality of amounts due from other banks as at 31 December 2019:

	Placements with other banks with original maturities of more than three months	Long term loans to other banks	Mandatory reserve with CBU	Restricted cash	Total
<i>Neither past due nor impaired</i>					
- Aa1 (Moody's rated)	-	-	-	3,011	3,011
- A1 (Moody's rated)	-	-	-	1,804	1,804
- Ba3 (Moody's rated)	6,879	-	-	80	6,959
- BB- (Fitch rated)	-	-	165,911	-	165,911
- B2 (Moody's rated)	-	60,079	-	-	60,079
- B3 (Moody's rated)	-	11,131	-	50	11,181
Total due from other banks, excluding ECL provision	6,879	71,210	165,911	4,945	248,945

Amounts due from other banks are not collateralised. Refer to Note 32 for the estimated fair value of each class of amounts due from other banks. Interest rate analysis of due from other banks is disclosed in Note 29. Information on related party balances is disclosed in Note 33.

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8 Loans and advances to customers

	31 December 2020	31 December 2019
Corporate loans	18,357,130	10,742,283
Individuals	4,826,626	3,394,918
State and municipal organisations	2,109,975	1,861,434
Total loans and advances to customers, gross	25,293,731	15,998,635
Less: ECL provision	(425,101)	(114,365)
Total loans and advances to customers	24,868,630	15,884,270

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 December 2020		31 December 2019	
	amount	%	amount	%
Agriculture	7,895,012	31.2%	4,999,953	31.3%
Manufacturing	7,597,313	30.0%	4,312,362	27.0%
Individuals	4,826,626	19.1%	3,394,918	21.2%
- Micro loans	4,029,121	15.9%	2,676,637	16.7%
- Consumer	696,494	2.8%	621,536	3.9%
- Mortgage	101,011	0.4%	96,745	0.6%
Trade	2,868,910	11.3%	2,012,067	12.6%
Construction	759,357	3.0%	428,111	2.6%
Other	1,346,513	5.3%	851,224	5.3%
Total loans and advances to customers, gross	25,293,731	100%	15,998,635	100%

At 31 December 2020, the Group had a concentration of loans represented by UZS 4,411,606 million due from ten largest borrowers or 17.5% of gross loans (2019: UZS 2,923,332 million or 18.0%).

Information about collateral as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Unsecured loans	510,273	480,284
<i>Loans collateralised by:</i>		
- Insurance policy	11,338,649	6,298,394
- guarantees	5,902,502	4,816,987
- real estate	4,078,195	2,112,967
- vehicle	2,275,491	1,635,050
- equipment	1,007,355	614,892
- cash deposit	66,397	5,208
- inventory	25,976	11,715
- government guarantee	347	1,906
- other	88,546	21,232
Total loans and advances to customers, gross	25,293,731	15,998,635

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The table below shows analysis of the movement in loans and advances to customers:

	2020			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January	15,046,500	474,055	478,080	15,998,635
Transfer from Stage 1	(2,098,277)	2,098,277	-	-
Transfer from Stage 2	138,201	(1,226,391)	1,088,190	-
Transfer from Stage 3	-	53,390	(53,390)	-
Changes in EAD*	(914,231)	(21,741)	715,881	(220,091)
New financial assets originated or purchased	17,707,704	-	-	17,707,704
Financial assets that have been repaid in full	(8,177,391)	(309,011)	(269,034)	(8,755,436)
Write-off	-	-	(30,818)	(30,818)
Foreign exchange differences	521,684	25,686	46,367	593,737
Gross carrying amount as at 31 December	22,224,190	1,094,265	1,975,276	25,293,731
Loss allowance as at 31 December	(85,367)	(69,980)	(269,754)	(425,101)
Carrying amount net of allowance as at 31 December	22,138,823	1,024,285	1,705,522	24,868,630

	2019			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January	8,480,062	168,992	87,212	8,736,266
Transfer from Stage 1	(578,497)	578,497	-	-
Transfer from Stage 2	61,440	(398,575)	337,135	-
Transfer from Stage 3	-	20,949	(20,949)	-
Changes in EAD*	(3,464,345)	199,299	226,889	(3,038,157)
New financial assets originated or purchased	11,990,720	-	-	11,990,720
Financial assets that have been repaid in full	(1,664,214)	(102,637)	(32,390)	(1,799,241)
Write-off	-	-	(126,850)	(126,850)
Foreign exchange differences	221,334	7,530	7,033	235,897
Gross carrying amount as at 31 December	15,046,500	474,055	478,080	15,998,635
Loss allowance as at 31 December	(17,794)	(3,502)	(93,069)	(114,365)
Carrying amount net of allowance as at 31 December	15,028,706	470,553	385,011	15,884,270

* The line "Changes in EAD" represents changes in in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2020 and transfers of new issued loans between stages.

The table below shows an analysis of the movement in ECL provision

	2020			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January	17,794	3,502	93,069	114,365
Transfer from Stage 1	(97,501)	97,501	-	-
Transfer from Stage 2	9,492	(64,866)	55,374	-
Transfer from Stage 3	-	13,073	(13,073)	-
Changes in ECL*	(52,880)	23,381	207,547	177,347
New financial assets originated or purchased	216,439	-	-	216,439
Financial assets that have been repaid in full	(7,977)	(2,611)	(42,345)	(52,933)
Write-off	-	-	(30,818)	(30,117)
Balance as at 31 December	85,367	69,980	269,754	425,101

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	2019			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January	17,657	57,326	41,749	116,732
Transfer from Stage 1	(2,349)	2,349	-	-
Transfer from Stage 2	5,795	(60,899)	55,104	-
Transfer from Stage 3	-	2,416	(2,416)	-
Changes in ECL*	(33,881)	51,599	140,913	158,631
New financial assets originated or purchased	37,659	-	-	37,659
Financial assets that have been repaid in full	(7,087)	(49,289)	(15,431)	(71,807)
Write-off	-	-	(126,850)	(126,850)
Balance as at 31 December	17,794	3,502	93,069	114,365

*"Changes in ECL" are attributable to changes in parameters (PD,LGD), changes in ECL, adjustment of ECL due to transfer to new stages and foreign exchange differences, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

The following table contains information about the quality of the loan portfolio:

31 December 2020	State and municipal organisations	Corporate loans	Loans to individuals	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due	1,730,025	15,661,923	4,131,890	21,523,838
Past due loans				
- less than 30 days overdue	61,251	583,598	169,821	814,670
- 31 to 90 days overdue	677	150,482	385,673	536,832
- over 90 days overdue	27,483	125,084	138,501	291,068
Total loans assessed for impairment on a collective basis, gross	1,819,436	16,521,087	4,825,885	23,166,408
<i>Collectively assessed restructured loans</i>				
Not past due but impaired	-	1,197,424	741	1,198,165
Past due loans				
- less than 30 days overdue	-	8,471	-	8,471
- 31 to 90 days overdue	-	750	-	750
- over 90 days overdue	-	4,540	-	4,540
Total collectively assessed restructured loans, gross	-	1,211,185	741	1,211,926
<i>Restructured loans individually determined to be impaired</i>				
Not past due but impaired	-	613,158	-	613,158
Past due loans				
- less than 30 days overdue	-	11,700	-	11,700
- 31 to 90 days overdue	-	-	-	-
- over 90 days overdue	290,539	-	-	290,539
Total restructured loans individually determined to be impaired, gross	290,539	624,858	-	915,397
- Impairment provisions for individually impaired loans	(22,392)	(53,821)	-	(76,213)
- Impairment provisions assessed on a collective basis	(39,728)	(213,133)	(96,027)	(348,888)
Less: Allowance for expected credit losses	(62,120)	(266,954)	(96,027)	(425,101)
Total loans and advances to customers	2,047,855	18,090,176	4,730,599	24,868,630

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The following table contains information about the quality of the loan portfolio as at 31 December 2019

31 December 2019	State and municipal organisations	Corporate loans	Loans to Individuals	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due	1,841,232	10,494,676	3,276,081	15,611,989
Past due loans				
- less than 30 days overdue	9,004	26,712	29,271	64,987
- 31 to 90 days overdue	1,842	55,636	34,551	92,029
- over 90 days overdue	9,356	165,259	55,015	229,630
Total loans assessed for impairment on a collective basis, gross	1,861,434	10,742,283	3,394,918	15,998,635
- Impairment provisions for individually impaired loans	-	-	-	-
- Impairment provisions assessed on a collective basis	(13,123)	(81,415)	(19,827)	(114,365)
Less: Allowance for expected credit losses	(13,123)	(81,415)	(19,827)	(114,365)
Total loans and advances to customers	1,848,311	10,660,868	3,375,091	15,884,270

As at 31 December 2020, the restructured loans for total amount of UZS 2,127,323 million refer to those loans which do not fall under the forbearance program. Information on forbearance program is disclosed in Note 2.

Refer to Note 32 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 29. Information on related party balances is disclosed in Note 33.

9 Investment securities

Investments in equity and debt securities are presented below:

Name	31 December 2020	31 December 2019
Equity securities measured at fair value through other comprehensive income	17,509	19,017
Debt securities measured at amortized cost	1,409,288	96,000
Total investment securities	1,426,797	115,017

Name	Coupon rate	Maturity	31 December 2020	31 December 2019
Government bonds of Republic of Uzbekistan	16%	04/06/21	363,501	-
Government bonds of Republic of Uzbekistan	Discount	03/18/21	291,882	-
Government bonds of Republic of Uzbekistan	Discount	04/09/21	289,516	-
Government bonds of Republic of Uzbekistan	Discount	03/29/21	227,732	-
Bonds of the Central Bank of Uzbekistan	14%	06/09/21	50,000	-
Government bonds of Republic of Uzbekistan	16%	01/17/22	41,298	-
Bonds of the Central Bank of Uzbekistan	14%	05/05/21	25,000	-
Bonds of the Central Bank of Uzbekistan	15%	01/11/21	21,203	-
Government bonds of Republic of Uzbekistan	15%	07/01/22	20,748	20,000
Government bonds of Republic of Uzbekistan	15%	07/08/22	20,690	20,000
Government bonds of Republic of Uzbekistan	16%	01/16/21	20,675	-
Bonds of the Central Bank of Uzbekistan	14%	05/10/21	15,293	-
Bonds of the Central Bank of Uzbekistan	14%	06/09/21	10,529	-
Bonds of the Central Bank of Uzbekistan	15%	08/12/21	10,214	-
Government bonds of Republic of Uzbekistan	15%	06/16/21	1,007	1,000
Government bonds of Republic of Uzbekistan	15%	12/01/20	-	35,000
Government bonds of Republic of Uzbekistan	15%	03/18/20	-	20,000
Debt securities measured at amortized cost			1,409,288	96,000

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Equity securities at FVTOCI as at 31 December 2020, include equity securities, registered in Uzbekistan and not actively traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. Some of the investees have not published recent financial information about their operations, recent trade prices of shares are not publicly accessible.

The fair value of the financial assets at fair value through other comprehensive income were determined as the present value of future dividends by assuming dividend growth rate of zero per annum. The Management built its expectation based on previous experience of dividends received on financial assets at fair value through other comprehensive income over multiple years, and accordingly calculated the value using the average rate of return on investments. The Management believes that this approach accurately reflects the fair value of these securities. A significant unobservable input used in determining the fair value of financial assets at FVTOCI is discount rate. The higher the discount rate the lower the fair value of the financial assets at FVTOCI.

Changes in investment securities fair value and measurement approaches are stipulated in Note 32.

As at 31 December 2020, the government bonds for the total amount of UZS 1,130,000 million were placed with CBU under a repurchase agreement.

10 Investment in associates

The table below summarizes the movements in the carrying amount of investment in associate and joint venture.

	2020	2019
1 January	100,250	117,423
Share of profit of associates	299	169
Disposal of joint ventures	(245)	(1,339)
Acquisition of associate companies	490	-
Provision for impairment	(49,484)	(16,003)
31 December	51,310	100,250

The Group's interest in its principle associates as at 31 December 2020 were as follows:

	2020		2019	
	Ownership interest held	Place of Business	Ownership interest held	Place of Business
"Davr-Mashlizing" LLC	49.7%	Uzbekistan	49.5%	Uzbekistan
"Digital Mobile Finances" LLC	49.0%	Uzbekistan	0.0%	Uzbekistan
JV "Central Asia Seed Company"	25.0%	Uzbekistan	25.0%	Uzbekistan
Uzagroservis Companies	21%-37%	Uzbekistan	21%-37%	Uzbekistan

"Davr-Mashlizing" is a limited liability company with the main activity of providing finance leases to agricultural companies in Uzbekistan.

"Digital Mobile Finances" is a limited liability company with the main activity of providing software operating systems to companies in Uzbekistan. Entity's 49% of shares has been acquired by JSC Agrobank on 1 December 2020 for UZS 490 million.

"Central Asia Seed Company" is a limited liability company which operates in agricultural sector with the intent of producing high quality cotton seeds. During 2019, the Group recognised 100% impairment for investment in LLC "Central Asia Seed Company".

As at 31 December 2020, the Group recognised 50% impairment for investment in Uzagroservis Companies.

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Summarized financial information for each significant associate is as follows at 31 December 2020 and 2019:

31 December 2020		Uzagroservis Companies	JSC Uzagroservis	Total associates
Current assets		33,915	40,554	74,469
Non-current assets		134,621	481,552	616,173
Current liabilities		26,663	49,589	76,252
Non-current liabilities		19,747	205,207	224,954
Revenue		6,567	11,275	17,842
Profit from operations		265	1,264	1,529

31 December 2019	LLC "Central Asia Seed Company"	Uzagroservis Companies	JSC Uzagroservis	Total associates
Current assets	60,842	19,912	26,919	107,673
Non-current assets	54,937	153,265	496,101	704,303
Current liabilities	31,048	28,774	46,454	106,276
Non-current liabilities	22,577	23,118	219,966	265,661
Revenue	486	338	4,755	5,579
Profit from operations	22	90	1,730	1,842

Assets held for sale

As at 31 December 2019, the Group accounted for investment in JSC "Uzagroservis" under IFRS 5 "Non-current assets held for sale and discontinued operations". The sale of an investment was highly probable as the Management was committed to sell assets held for sale back to JSC "Uzagroservis". The parties agreed to execute the sale at the nominal value of the shares. However, due to the failure of JSC "Uzagroservis" to fulfill its commitments during 2020, and the Management of the Group had no buyers for the asset, it ceased to classify its associate as held for sale. Therefore, the comparative figures were amended accordingly as if the asset was never classified as held for sale.

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11	Property, equipment, intangible assets and right-of-use assets						
	Buildings and premises	Office and computer equipment	Construction in progress	Intangible assets	Total property, equipment and intangible assets	Right-of-use assets	
Cost							
31 December 2018	116,890	231,886	76,883	1,640	427,299	-	
Additions	997	187,427	183,620	-	372,044	15,026	
Disposals	(1,866)	(14,050)	-	(57)	(15,973)	-	
Transfer	174,075	(3,567)	(170,508)	-	-	-	
31 December 2019	290,096	401,696	89,995	1,583	783,370	15,026	
Accumulated Depreciation							
31 December 2018	(43,352)	(93,558)	-	(1,622)	(138,532)	-	
Depreciation / amortisation	(5,967)	(46,079)	-	-	(52,046)	(3,879)	
Disposals	899	13,100	-	57	14,056	-	
31 December 2019	(48,420)	(126,537)	-	(1,565)	(176,522)	(3,879)	
Cost							
31 December 2019	290,096	401,696	89,995	1,583	783,370	15,026	
Additions	1,130	279,742	324,557	-	605,429	995	
Disposals	(4,892)	(18,309)	-	(100)	(23,301)	-	
Transfer	155,786	4,941	(160,727)	-	-	-	
31 December 2020	442,120	668,070	253,825	1,483	1,365,498	16,021	
Accumulated Depreciation							
31 December 2019	(48,420)	(126,537)	-	(1,565)	(176,522)	(3,879)	
Depreciation / amortisation charge (Note 20)	(11,764)	(84,806)	-	-	(96,570)	(4,298)	
Disposals	2,526	17,249	-	100	19,875	-	
31 December 2020	(57,658)	(194,094)	-	(1,465)	(253,217)	(8,177)	
Net book value							
31 December 2019	241,676	275,159	89,995	18	606,848	11,147	
31 December 2020	384,462	473,976	253,825	18	1,112,261	7,844	

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In accordance with the Presidential Decree #3620 dated 23 March 2018 about modernization of banks and banking services, during 2020 the Group has spent over UZS 324 billion on the construction of new buildings in Tashkent City, Jizzakh, Samarqand, and Surkhondaryo regions as well as overhauling the front, middle and back offices of 44 branches throughout the Republic. Furthermore, around UZS 136 billion was spent on the acquisition of new furniture, office and security equipment, as well as server and network appliances. Moreover, other significant changes include the total expenditures of UZS 138 billion, spent on the acquisition of new ATMs and electronic payment terminals (card readers), respectively, for branches.

As at 31 December 2020 and 2019, property and equipment included fully depreciated assets totaling UZS 28 billion and UZS 31 billion, respectively.

The Group leases several assets including buildings. The average lease term is 3 years. The maturity analysis of lease liabilities is presented in Note 17.

As at 31 December 2020 and 2019, premises and equipment of the Group were not pledged.

12 Other assets

	31 December 2020	31 December 2019
Other financial assets		
Accounts receivable from Paynet service organization	5,142	2,406
Receivable from money transfer organizations	4,110	3,331
Trade receivables	3,252	4,080
Commission receivable	1,429	1,001
Other financial assets	1,351	3,040
ECL	(1,350)	(1,360)
Total other financial assets	13,934	12,498
Other non-financial assets		
Prepayments for construction of building	148,048	124,902
Greenhouses under development	39,043	-
Inventory	16,446	8,901
Fines and penalties	10,194	6,237
Prepayments for inventory and services	7,536	26,259
Recoverable assets from court decision	1,665	4,488
Prepaid expenses	1,588	1,248
Other non-financial assets	3,007	2,700
Less: allowance for impairment	(12,135)	(10,725)
Total other non-financial assets	215,392	164,010
Total other assets	229,326	176,508

As at 31 December 2020, prepayment for the construction of building includes prepayment to LLC Lotus Gaz Invest in the amount of UZS 119,847 million for construction of new head office in Tashkent city.

As at 31 December 2020, greenhouses under development includes construction of greenhouses that the Group builds with the purpose of further sale or lease and treated as Inventory (IAS 2).

Recoverable assets from court decision include cases related to operating activities of the Bank. The Bank made 100 percent allowance for these receivables. Refer to Note 32 for disclosure of the fair value of other financial assets.

The table below represents analysis of movement for impairment losses for other non-financial assets as at 31 December 2020 and 2019:

	Total
Provision for impairment at 31 December 2018	-
Impairment charge	10,725
Provision for impairment at 31 December 2019	10,725
Amounts written off during the year	(8,759)
Impairment charge	10,169
Provision for impairment at 31 December 2020	12,135

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13 Due to other banks

	31 December 2020	31 December 2019
Long-term placements of other banks	1,223,097	690,101
Payable to the CBU under repo agreement	1,153,730	-
Short-term placements of other banks	165,108	288,714
Correspondent accounts and overnight placements of other banks	18,907	87,941
Total due to other banks	2,560,842	1,066,756

The increase in due to other banks was caused by the attraction of deposits from local banks in the national currency in accordance with Presidential Decree #4752 dated 16 June 2020 "Support of service industry". As at 31 December 2020, the largest deposits were received from four local banks for the total amount of UZS 372,257 million.

As at 31 December 2020, the long-term placements of other banks includes funds received for financing activities for the total amount of UZS 185,304 million (2019: UZS 96,353 million).

Refer to Note 32 for the disclosure of the fair value of each class of amounts due to other banks. Interest rate analyses of due to other banks are disclosed in Note 29.

14 Customer accounts

	31 December 2020	31 December 2019
State and public organizations		
- Current/settlement accounts	100,247	38,990
- Term deposits	4,996,605	2,620,825
Other legal entities		
- Current/settlement accounts	1,142,497	862,327
- Term deposits	428,666	177,353
Individuals		
- Current/settlement accounts	663,078	502,796
- Term deposits	2,113,730	1,387,446
Total customer accounts	9,444,823	5,589,737

Economic sector concentration within customer accounts are as follows:

	31 December 2020	31 December 2019
State and public organizations	5,096,852	2,659,815
Individuals	2,776,808	1,890,242
Service	595,857	223,588
Agriculture	378,802	281,140
Manufacturing	353,082	324,460
Trade and catering	158,627	117,013
Communication and transport	43,026	60,083
Construction	38,277	22,627
Other	3,492	10,769
Total Customer Accounts	9,444,823	5,589,737

As at 31 December 2020 and 2019, customer accounts amounting to UZS 132,140 million and UZS 24,772 million respectively, were pledged as collateral for letters of credit and other similar products issued by the Group.

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At 31 December 2020 and 2019, customer accounts amounting to UZS 4,803,378 million (51%) and UZS 2,614,362 million (46%), respectively, were due to 10 customers.

As at 31 December 2020, the largest term deposits placed by state and public organisations include deposits from the Ministry of Finance, the Fund guarantee of deposits of citizens in banks, the Ministry of Defence and the Ministry of Agriculture.

Refer to Note 32 for the disclosure of the fair value of each class of customer accounts. Interest rate analyses of customer accounts are disclosed in Note 29. Information on related party transactions is disclosed in Note 33.

15 Debt securities issued

	31 December 2020	31 December 2019
Deposit certificates	88,043	105,679
Non-documentary bonds	16	16
Total debt securities in issue	88,059	105,695

Refer to Note 32 for the disclosure of the fair value of each class of debt securities Issued. Interest rate analyses of debt securities issued are disclosed in Note 29. Information on related party transactions is disclosed in Note 33.

16 Other borrowed funds

	31 December 2020	31 December 2019
International Financial Institutions		
"Credit Suisse AG" (London Branch)	1,053,755	-
"Credit Suisse AG" (Switzerland)	674,554	-
"Landesbank Baden-Wurtemberg" (Germany)	579,100	359,783
"Promsvyaz" Bank (Russia)	567,645	761,005
"China Development Bank" (China)	426,570	-
"Ziraat" Bank (Turkey)	405,926	325,882
"Commerzbank AG" (Germany)	312,609	6,468
"VTB BANK (EUROPE) SE" (Germany)	251,961	-
"Sovcombank" (Russia)	241,035	-
"Cargil Financial Services International" (USA)	210,194	-
"Raiffesen Bank International" (Austria)	109,502	-
"Eximbank" (Hungary)	93,105	-
"Credit Bank of Moscow" (Russia)	83,871	-
"EMF Microfinance Fund" (Liechtenstein)	52,628	-
Islamic corporation for the Development of the private sector	45,830	40,537
Others	45,031	-
Uzbekistan Financial Institutions		
Ministry of Finance of the Republic of Uzbekistan	5,821,005	4,916,950
The Fund for Reconstruction and Development of the Republic of Uzbekistan	1,478,150	13,997
Central Bank of the Republic of Uzbekistan	315,951	118,481
National Bank of Republic of Uzbekistan	215,466	190,327
Farmers Support Fund	188,155	136,013
"Youth - Our Future" Fund	126,103	-
Khokimiyat	118,821	31,355
Others	82,477	49,194
Total Other borrowed funds	13,499,444	6,949,992

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	31 December 2020		31 December 2019		
	Currency	Interest rate %	Maturity, year	Interest rate %	Maturity, year
International financial Institutions:					
"Credit Suisse AG" (London Branch)	USD	6M Euribor plus 1.8%	2021	-	-
"Credit Suisse AG" (Switzerland)	EUR	5.5%	2028	-	-
"Landesbank Baden-Wuerttemberg" (Germany)	EUR	6M Euribor plus 1.0% - 4.3%	2021-2029	6M Euribor plus 1.5%	2029
"Promsvyaz" Bank (Russia)	EUR	3%	2021	2.9-5.1%	2020
"China Development Bank" (China)	USD	4%	2027	-	-
"Ziraat" Bank (Turkey)	USD	6M Libor plus 4.75% - 6M Libor plus 6.75%	2023-2025	6M Libor plus 6.5% - 6M Libor plus 6.75%	2020 - 2023
"Commerzbank AG" (Germany)	EUR	6M Euribor plus 1.5%	2029	6M Euribor plus 1.5%	2029
"VTB BANK (EUROPE) SE" (Germany)	EUR	3.5% - 3.65%	2021	-	-
"Sovcombank" (Russia)	EUR/USD	2.0% - 5.0%	2021-2022	-	-
"Cargill Financial Services International" (USA)	USD	5.9% - 6.1%	2022-2023	-	-
"Raiffeisen Bank International" (Austria)	EUR	4%	2021	-	-
"Eximbank" (Hungary)	USD	3%	2025	-	-
"Credit Bank of Moscow" (Russia)	USD	3%	2021	-	-
"EMF Microfinance Fund" (Liechtenstein)	USD	6%	2023	-	-
Islamic corporation for the Development of the private sector	UZS	9%	2023	-	-
Others	EUR/USD	2.0% - 5.0%	2021-2025	-	-
Uzbekistan Financial Institutions					
Ministry of Finance of the Republic of Uzbekistan	UZS	6M Libor - 13%	2021-2040	6M Libor - 13%	2025-2028
The Fund for Reconstruction and Development of the Republic of Uzbekistan	USD/UZS	6M Libor plus 2% - 10%	2026-2028	6M Libor plus 2% - 3%	2023-2028
Central Bank of the Republic of Uzbekistan	UZS	5% - 10%	2022-2023	3%-5%	2021
National Bank of Republic of Uzbekistan	USD	6M LIBOR plus 4%	2024	6M Libor plus 4%	2024
Farmers Support Fund	UZS	5% - 14%	2021-2026	5%-14%	2024
"Youth - Our Future" Fund	UZS	10%	2025	-	-
Khokimiyat	UZS	10% - 13%	2021 - 2033	8% - 14 %	2022 - 2034
Others	UZS	10% - 14%	2021-2036	-	-

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As at 31 December 2020, the Bank was not in compliance with some financial covenants stipulated in loan agreements with VTB Bank Europe and EMF Microfinance Fund AGMVK:

- the percentage of problem loans (Stage 3 loans) in relation to total loans and advances to customers;
- the percentage of loan loss reserves to problem loans (Stage 3 loans).
- Provisioning ratio: Portfolio at Risk over 90 days plus Restructured Loans less Loan Loss Reserve divided by Tier 1 Capital

The breach of financial covenants above, as a consequence, has triggered cross default clauses stipulated in loan agreements with other six creditors.

To reflect for these breaches and cross default events, the Management of the Group has adjusted its liquidity position by reclassifying funds borrowed from eight creditors for the total amount of UZS 3,388,196 million within Demand less than 1 month profile. The Management is in the process of communication of the breach with financial institutions and is undertaking a number of measures to mitigate funding shortages in case of immediate debt recall as discussed in Note 4.

Refer to Note 32 for the disclosure of the fair value of each class of other borrowed funds. Interest rate analyses of other borrowed funds are disclosed in Note 29. Information on related party transactions is disclosed in Note 33. Lease Liabilities.

17 Lease liabilities

	31 December 2020	31 December 2019
Maturity analysis:		
Year 1	6,974	7,344
Year 2	4,134	6,521
Year 3	1,555	2,999
Year 4	458	1,052
Year 5	91	403
Onwards	200	267
Gross lease liabilities	13,412	18,586
Less: unearned interest	(2,070)	(3,687)
Total lease liabilities	11,342	14,899
Analysed as:		
Non-current	5,721	9,613
Current	5,621	5,286
Total lease liabilities	11,342	14,899

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18 Other liabilities

	31 December 2020	31 December 2019
Other financial liabilities		
Payable for suppliers	36,639	45,909
Dividends payable	340	886
Payable for cash collection services	-	3,842
Other financial liabilities	4,059	1,936
Provision for credit related commitments	14,327	-
Total other financial liabilities	55,365	52,573
Other non-financial liabilities		
Taxes other than income tax payable	8,750	4,027
Advances received	3,763	4,751
Payable to employees	2,237	335
Total other non-financial liabilities	14,750	9,113
Total other liabilities	70,115	61,686

As at 31 December 2020 and 2019, payable for suppliers includes payables for acquisition of ATMs in the amount of UZS 15,019 million and UZS 29,371 million respectively.

Refer to Note 32 for disclosure of the fair value of other financial liabilities.

19 Subordinated debt

	Interest Rate	31 December 2020	31 December 2019
Ministry of Finance of Republic of Uzbekistan	5.9%	214,428	194,769
Total subordinated debt		214,428	194,769

As per the requirements of the CBU, subordinated debts must meet the following criteria:

- In the event of bankruptcy or liquidation of the Bank, repayment of these debts is subordinate to the repayment of the Bank's liabilities to all other creditors;
- These debts should not be secured by a pledge;
- These debts should not be pledged by the Bank or any of its affiliates as collateral for other assets;
- The initial contractual maturity must be more than 5 years;
- Early repayment of subordinated debt is allowed with the permission of the Central Bank of the Republic of Uzbekistan.

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20 Share capital

	Number of outstanding shares (thousands)	Ordinary shares (UZS)	Inflation adjustments (UZS)	Share capital (UZS)	Share premium (UZS)	Treasury shares (UZS)	Total
As at 31 December 2018	1,851,350	2,162,377	25,631	2,188,008	1,412	(115)	2,189,305
Issue of new shares	1,909,293	2,230,054	-	2,230,054	-	-	2,230,054
As at 31 December 2019	3,760,643	4,392,431	25,631	4,418,062	1,412	(115)	4,419,359
Issue of new shares	440,725	514,767	-	514,767	-	-	514,767
As at 31 December 2020	4,201,368	4,907,198	25,631	4,932,829	1,412	(115)	4,934,126

As at 31 December 2020, the total authorized number of ordinary shares is 4,201,368 thousand (31 December 2019: 3,760,643 thousand shares) with a par value of UZS 1,168 per share (31 December 2019: UZS 1,168 per share). All issued ordinary shares were fully paid.

As at 31 December 2020, the total authorized number of preference shares is 500 thousand (31 December 2019: 500 thousand) with a par value of UZS 1,168. Minimum preference share dividends are set at 25 % p.a. (2019: 25 % p.a.) and preference shares are thus classified as an other borrowed funds. Equity component of preference shares was equal to nil as at 31 December 2020 (31 December 2019: nil).

During 2019, in accordance with the Decree of the President of the Republic of Uzbekistan dated 9 October 2019, borrowings from the Fund for Reconstruction and Developments of the Republic of Uzbekistan in the amount of UZS 2,230,054 million was converted into share capital of the Group.

During 2020, in accordance with the Decree of the President of the Republic of Uzbekistan dated 15 September 2020, the Group issued new shares in the amounts of UZS 514,767 million.

Share premium represents the excess of contributions received over the nominal value of share issued.

Inflation adjustment relates to hyperinflation that had ceased effective in economic environment of Uzbekistan from 1 January 2017.

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21 Net debt reconciliation

	Non-cash changes								
	1 January 2020	Financing cash inflow	Financing cash outflow	Interest paid	Effect of exchange rate changes	Interest accrued	Accrual of lease liabilities	Conversion into shares	31 December 2020
Long-term placements of other banks (Note 13)	96,353	100,268	(11,317)	(9,686)	-	9,686	-	-	185,304
Other borrowed funds	6,949,992	15,845,766	(9,872,819)	(604,941)	499,800	681,646	-	-	13,499,444
Lease liabilities	14,899	-	(9,104)	-	-	4,552	995	-	11,342
Subordinated debt	194,769	-	-	-	19,211	448	-	-	214,428
	Non-cash changes								
1 January 2019	Financing cash inflow	Financing cash outflow	Interest paid	Effect of exchange rate changes	Interest accrued	Recognition of guarantees under ICD credit line	Conversion into shares	31 December 2019	
Long-term placements of other banks	-	96,353	-	(2,779)	2,779	-	-	96,353	
Other borrowed funds	4,483,192	11,969,379	(7,573,528)	(226,519)	238,455	92,112	(2,230,054)	6,949,992	
Lease liabilities	15,025	(5,074)	-	(1,420)	6,368	-	-	14,899	
Subordinated debt	-	168,908	-	-	4,442	-	-	194,769	

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22 Interest income and expense

	2020	2019
Interest income		
Loans and advances to customers	2,795,392	1,676,571
Interest income from investment securities	110,271	-
Due from other banks	4,978	7,980
Cash and cash equivalents	1,433	624
Total interest income	2,912,074	1,685,175
Customer accounts	(701,945)	(455,848)
Other borrowed funds	(681,646)	(274,857)
Due to other banks	(212,476)	(82,183)
Debt securities issued	(16,438)	(16,173)
Subordinated debt	(12,012)	(7,819)
Other	(17,696)	(4,948)
Total interest expense	(1,642,213)	(841,828)
Net interest income	1,269,861	843,347

23 Commission income and expense

	2020	2019
Fee and commission income		
Settlement transactions	278,727	228,869
International money transfers	42,816	39,774
Currency conversion transactions	2,006	1,972
Other	3,474	5,013
Total fee and commission income	327,023	275,628
Fee and commission expense		
Settlement transactions	(106,437)	(45,271)
Cash collection	(16,263)	(57,086)
Other	(7,786)	(7,898)
Total fee and commission expense	(130,486)	(110,255)

24 Other operating income

	2020	2019
Gain on disposal of premises and equipment	16,215	2,098
Rental income from plastic card terminals	5,948	4,331
Other	5,230	6,257
Total other operating income	27,393	12,686

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25 Administrative and other operating expenses

	Note	2020	2019
Staff cost		631,444	405,394
Depreciation and amortization	11	100,868	55,925
Security expenses		71,664	66,662
Taxes other than income taxes		45,346	93,632
Stationery and office supplies		37,321	25,163
Cost of maintenance of premises		15,104	11,103
Consulting and audit expenses		14,216	14,133
Charity		12,016	5,112
Membership fees		9,214	18,365
Utilities		8,027	5,558
Advertising and marketing services		7,188	6,863
Postage, Telephone and fax expenses		5,511	3,323
Rent expense		3,641	5,923
Business trip expenses		3,517	5,608
Loss on sale or disposal of assets		513	350
Other		28,400	13,715
Total administrative and other operating expenses		993,990	736,829

26 Income taxes

Components of income tax expense

Income tax expense comprises the following:

	2020	2019
Current tax charge	56,057	49,620
Deferred tax (benefit)/expense	(34,447)	6,708
Total income tax expense for the year	21,610	56,328

Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The Bank is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2020 and 2019 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

On 1 January 2020 preferential income tax rates for branches with long-term investment financing in the structure of the loan portfolio which considered taxable ranges from 14% till 20% for each branch as a separate tax payer, has expired and in accordance with the new tax legislation, the Bank pays income tax on a consolidated basis as a single tax payer at a rate of 20%.

Reconciliation between the expected and the actual taxation charge is provided below:

	2020	2019
Profit before tax	73,778	129,137
Theoretical tax charge at the applicable statutory rate - 20% (2019: 20%)	14,756	25,828
- Non deductible expenses	7,545	25,944
- Adjustment pertaining derecognition of deferred tax assets on tax loss carryforward	-	13,995
- Tax exempt income	(937)	(1,090)
- Other	246	(8,349)
Total income tax expense for the year	21,610	56,328

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Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below, and is recorded at the rate of 20% (2019: 20%).

	2020		2019		31 December 2018
	31 December 2020	(Charged)/ credited to OCI	31 December 2019	(Charged)/ credited to OCI	
		(Charged)/ credited to profit or loss		(Charged)/ credited to profit or loss	
Tax effect of deductible/(taxable) temporary differences					
Cash and cash equivalents	10	(6)	16	-	16
Due from other banks	272	(78)	350	-	350
Loans and advances to customers	30,507	26,745	3,762	-	4,731
Investment securities	(904)	(2,295)	871	(490)	2,052
Investment in associates	6,504	3,337	3,167	-	3,167
Property, equipment and intangible assets	499	963	(465)	-	(5,235)
Right-of-use assets	(1,569)	660	(2,229)	-	(2,229)
Other assets	3,866	1,773	2,093	-	1,335
Customer accounts	(991)	(991)	-	-	-
Other borrowed funds	2,164	2,164	-	-	-
Lease liabilities	2,268	(712)	2,980	-	2,980
Other liabilities	3,007	2,887	120	-	120
Tax loss carryforward	-	-	-	-	(13,995)
Net deferred tax asset	45,633	34,447	10,665	(490)	(6,708)
					17,864

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27 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Bank has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	2020	2020	2019	2019
	Ordinary	Preference	Ordinary	Preference
Weighted average number of shares in issue (thousands)	3,843,958	500	2,170,439	500
Profit for the year	52,025	146	73,306	146
Basic and diluted earnings per share (in UZS)	14	292	34	292

28 Segment analysis

The Group's operations are a single reportable segment.

The Group provides mainly banking services in the Republic of Uzbekistan. The Group identifies the segment in accordance with the criteria set in IFRS 8 "Operating Segments" and based on the way the operations of the Group are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources among business units of the Group.

The chief operating decision-maker ("CODM") has been determined as the Group's Chairman of the Management Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The Management has determined a single operating segment being banking services based on these internal reports.

29 Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 31.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

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Clients of the Bank are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's Internal ratings scale:

Standard	1	Timely repayment of "standard" loans is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all existing obligations, including present debt. When assessing the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) are taken into consideration.
Sub-standard	2	As a whole, the financial position of a borrower is stable, but some unfavorable circumstances or tendencies are present, which, if not disposed of, raise some doubts about the borrower's ability to repay on time. "Standard" loans with insufficient information in the credit file or missing information on collateral could be also classified as "Substandard" loans.
Unsatisfactory	3	The primary source of repayment is not sufficient and the Bank has to seek additional loan repayment sources. The financial position of a borrower or forecasted cash flows is not sufficient to settle obligations. The value of collateral is not exceeding or equal to outstanding loan amount.
Doubtful	4	"Doubtful" are loans which, in addition to having the characteristics of "Unsatisfactory" loans, have additional shortcomings, which make it doubtful that the loan will be repaid in full under the existing circumstances. There is a probability of partial repayment of the loan in the near terms.
Uncollected	5	Loans classified as "uncollected" are considered uncollectible and have such a little value that their continuance as assets of the Bank is not worth. This classification does not mean that the loans have absolutely no likelihood of recovery, but rather means that the Bank should cease recognizing such loans and make every effort to liquidate such debts through selling of collateral or collection of the outstanding loan.

Risk limits control and mitigation policies. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geographic regions are approved annually by the Bank's Council.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Limits. The Group established a number of credit committees which are responsible for approving credit limits for individual borrowers:

- The Credit Committee of Head office reviews and approves limits up to amount equivalent to 10 percent of Bank's tier 1 capital;
- The Bank Council reviews and approves limits above the amount equivalent to 10 percent of Bank's tier 1 capital;

Loan applications, along with financial analysis of loan applicant which includes liquidity, profitability, interest coverage and debt service coverage ratios, originated by the relevant client relationship managers are passed on to the relevant credit committee or Bank Council for approval of credit limit.

(b) Collateral. The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

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The principal collateral types for loans and advances and finance leases are:

- guarantee
- real estate
- equipment and motor vehicles used in borrower's business
- Insurance policy
- inventory
- cash deposit

(c) Concentration of risks of financial assets with credit risk exposure. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group's management focuses on concentration risk:

In order to avoid excessive concentrations of risks, the Group's Credit policy and procedures include specific CBU guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group's management focuses on concentration risk as follows:

- The maximum risk to single borrower or group of affiliated borrowers shall not exceed 25% of the Bank's tier 1 capital;
- The maximum risk for unsecured credits shall not exceed 5% of Bank's tier 1 capital;
- Total amount of all large credits cannot exceed bank's tier 1 capital by more than 8 times; and
- Total loan amount to related party shall not exceed Bank's tier 1 capital.

In order to monitor credit risk exposures, weekly reports are produced by the credit department's officers based on a structured analysis focusing on the customer's business and financial performance, which includes overdue balances, disbursements and repayments, outstanding balances and maturity of loan as well as grade of loan and collateral. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the management daily. Management monitors and follows up past due balances.

Impairment and provisioning policies. The internal rating tool assists the Management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above certain materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available empirical data, experienced judgment and statistical techniques.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

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Net change in expected credit loss of financial assets.

The tables below present information about the net change in expected credit loss of financial assets for the year ended 31 December 2020 and 2019 respectively.

	Cash and cash equivalents	Due from other Banks	Other financial assets			Credit related commitments		Total
	Stage 1	Stage 1	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	
	12-month ECL	12-month ECL	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	
Loss allowance for ECL as at 1 January 2020	80	1,749	158	27	1,175	-	-	3,189
Net change in expected credit loss	(29)	(388)	38	43	(91)	5,487	8,840	13,899
Loss allowance for ECL as at 31 December 2020	51	1,361	196	70	1,084	5,487	8,840	17,088

	Cash and cash equivalents	Due from other Banks	Other financial assets			Total
	Stage 1	Stage 1	Stage 1	Stage 2	Stage 3	
	12-month ECL	12-month ECL	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance for ECL as at 1 January 2019	637	-	2,714	213	3,288	6,852
Net change in expected credit loss	(557)	1,749	(2,556)	(186)	(2,113)	(3,663)
Loss allowance for ECL as at 31 December 2019	80	1,749	158	27	1,175	3,189

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the reporting date:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
31 December 2020			
USD	4,886,655	(5,173,333)	(286,678)
EUR	2,746,914	(2,712,488)	34,426
Other	35,924	(1,724)	34,200
Total	7,669,493	(7,887,545)	(218,052)
31 December 2019			
USD	2,770,805	(2,336,965)	433,841
EUR	772,651	(1,181,805)	(409,154)
Other	5,197	(385)	4,812
Total	3,548,654	(3,519,155)	29,499

The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Bank Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

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The Bank's Treasury Department measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of actual annual appreciation/depreciation of that currency against Uzbek Soums to the profit and loss of the Group.

The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the reporting date, with all other variables held constant. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group:

	At 31 December 2020	At 31 December 2019
	Impact on profit or loss	Impact on profit or loss
Strengthening of US Dollars by 10% (2019: 10%)	(28,668)	43,384
Weakening of US Dollars by 10% (2019: 10%)	28,668	(43,384)
Strengthening of Euro by 10% (2019: 10%)	3,443	(40,915)
Weakening of Euro by 10% (2019: 10%)	(3,443)	40,915

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

Management monitors on a daily basis and sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

The table below summarizes the Group's exposure to interest rate risks. The table represents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual interest repricing or maturity dates:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
31 December 2020					
Total interest bearing financial assets	2,768,363	6,702,902	4,914,198	12,061,308	26,446,771
Total interest bearing financial liabilities	6,365,450	4,615,839	5,775,653	6,878,016	23,634,958
Net interest sensitivity gap at 31 December 2020	(3,597,087)	2,087,063	(861,455)	5,183,292	2,811,813
31 December 2019					
Total interest bearing financial assets	1,818,578	5,041,495	2,643,462	6,629,718	16,133,253
Total interest bearing financial liabilities	272,662	3,483,916	3,514,938	4,836,079	12,107,595
Net interest sensitivity gap at 31 December 2019	1,545,916	1,557,579	(871,476)	1,793,639	4,025,658

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The Group monitors Interest rates for its financial instruments. The table below summarizes Interest rates at the respective reporting date based on reports reviewed by key management personnel:

in %p.a	31 December 2020			31 December 2019		
	UZS	USD	EUR	UZS	USD	EUR
Assets						
Cash and cash Equivalents	0	0	1.4-4	0	0-6	0
Due from other banks	3-11	3	-	0-3	-	-
Loans and advances to customers	0-44	2-12	3-12	0-39	3-13	3-10
Investment securities	14-15	-	-	15	-	-
Liabilities						
Due to other banks	0-16	0.5-6.5	3.1-5	0-18.5	0-7.5	4.75-5
Debt securities issued	13-20	-	-	11-19	-	-
Customer accounts	-	-	-	-	-	-
- <i>current/demand accounts</i>	-	-	-	-	-	-
- <i>term deposits</i>	0-30	3-6	-	0-30	3.5-6	-
Subordinated debts	-	5.9	-	-	5.9	-
Other borrowed funds	-	-	-	-	-	-
- borrowings from International Financial Institutions	-	Libor+1.0 - Libor+6.75	Euribor+1 -5.5	-	5.1-Libor +6.75	Eurobor+1 -2.9
- borrowings from Domestic Financial Institutions	0-14	2+Libor-6	-	0-14	Libor-Libor+4	-

Other price risk. There is no active market for equity instruments in Uzbekistan and therefore it is difficult to assess the Group's exposure to equity price risk.

Geographical risk. The geographical concentration of the Group's financial assets and liabilities at 31 December 2020 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	2,508,990	479,906	333	2,989,229
Due from other banks	242,090	644	3,860	246,594
Loans and advances to customers	24,868,630	-	-	24,868,630
Investment securities	1,426,797	-	-	1,426,797
Other financial assets	9,823	-	4,111	13,934
Total financial assets	29,056,330	480,550	8,304	29,545,184
Financial liabilities				
Due to other banks	2,212,527	17,090	331,225	2,560,842
Customer accounts	9,444,823	-	-	9,444,823
Debt securities issued	88,059	-	-	88,059
Other borrowed funds	8,391,958	3,728,657	1,378,829	13,499,444
Lease liabilities	11,342	-	-	11,342
Other financial liabilities	55,365	-	-	55,365
Subordinated debt	214,428	-	-	214,428
Total financial liabilities	20,418,502	3,745,747	1,710,054	25,874,303
Net balance sheet position as 31 December 2020	8,637,828	(3,265,197)	(1,701,750)	3,670,881
Gross credit related commitments (Note 31)	1,625,525	-	-	1,625,525

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The geographical concentration of the Group's financial assets and liabilities at 31 December 2019 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	1,087,490	261,750	3,056	1,352,296
Due from other banks	242,381	1,328	3,487	247,196
Loans and advances to customers	15,884,270	-	-	15,884,270
Investment securities	115,017	-	-	115,017
Other financial assets	11,207	-	1,291	12,498
Total financial assets	17,340,365	263,078	7,834	17,611,277
Financial liabilities				
Due to other banks	807,746	87,255	171,755	1,066,756
Customer accounts	5,589,737	-	-	5,589,737
Debt securities issued	105,695	-	-	105,695
Other borrowed funds	5,456,317	732,670	761,005	6,949,992
Lease liabilities	14,899	-	-	14,899
Other financial liabilities	52,573	-	-	52,573
Subordinated debt	194,769	-	-	194,769
Total financial liabilities	12,221,736	819,925	932,760	13,974,421
Net balance sheet position as 31 December 2019	5,118,629	(556,847)	(924,926)	3,636,856
Gross credit related commitments (Note 31)	899,717	-	-	899,717

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Cash on hand, due from other banks have been allocated based on the country in which they are physically held.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities. The group invests the funds in inter-bank placements of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. These ratios are calculated using figures based on National Accounting Standards

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

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The following tables recognize the structure of assets and liabilities at 31 December 2020 in accordance with the contractual maturities.

The Group monitors liquidity based on expected maturities of financial assets and liabilities as follows at 31 December 2020:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	2,989,229	-	-	-	2,989,229
Due from other banks	55,775	-	-	190,819	246,594
Loans and advances to customers	2,727,160	5,442,390	4,903,985	11,795,095	24,868,630
Investment securities	76,072	1,260,512	10,213	80,000	1,426,797
Other financial assets	13,934	-	-	-	13,934
Total financial assets	5,862,170	6,702,902	4,914,198	12,065,914	29,545,184
Financial liabilities					
Due to other banks	845,864	872,612	198,452	643,914	2,560,842
Customer accounts	3,122,034	1,599,589	2,835,254	1,887,946	9,444,823
Debt securities issued	1,329	33,202	53,528	-	88,059
Other borrowed funds	4,486,643	2,110,435	2,705,269	4,197,097	13,499,444
Lease liabilities	483	2,420	2,818	5,621	11,342
Other financial liabilities	55,365	-	-	-	55,365
Subordinated debt	4,890	-	-	209,538	214,428
Total financial liabilities	8,516,608	4,618,258	5,795,321	6,944,116	25,874,303
Net liquidity gap based on expected maturities	(2,654,438)	2,084,644	(881,123)	5,121,798	3,670,881
Cumulative liquidity gap at 31 December 2020	(2,654,438)	(569,794)	(1,450,917)	3,670,881	

The analysis of expected contractual maturity analysis of financial assets and liabilities at 31 December 2019 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	1,352,296	-	-	-	1,352,296
Due from other banks	171,432	1,328	-	69,460	242,220
Loans and advances to customers	1,724,509	5,026,976	2,575,222	6,557,563	15,884,270
Investment securities	19,017	20,000	75,000	1,000	115,017
Other financial assets	12,498	-	-	-	12,498
Total financial assets	3,279,752	5,048,304	2,650,222	6,628,023	17,606,301
Financial liabilities					
Due to other banks	169,459	195,647	152,262	549,388	1,066,756
Customer accounts	1,602,087	1,072,451	835,585	2,079,614	5,589,737
Debt securities issued	664	30,230	9,021	65,780	105,695
Other borrowed funds	42,688	2,185,588	2,518,870	2,202,846	6,949,992
Lease liabilities	407	2,136	2,742	9,614	14,899
Other financial liabilities	52,573	-	-	-	52,573
Subordinated debt	4,442	-	-	190,327	194,769
Total financial liabilities	1,872,320	3,486,052	3,518,480	5,097,569	13,974,421
Net liquidity gap based on expected maturities	1,407,432	1,562,252	(868,258)	1,530,454	3,631,880
Cumulative liquidity gap at 31 December 2019	1,407,432	2,969,684	2,101,426	3,631,880	

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As at 31 December 2020, the Bank was not in compliance with some financial covenants stipulated in loan agreements with VTB Bank Europe and EMF Microfinance Fund AGMVK:

- the percentage of problem loans (Stage 3 loans) in relation to total loans and advances to customers;
- the percentage of loan loss reserves to problem loans (Stage 3 loans).
- Provisioning ratio: Portfolio at Risk over 90 days plus Restructured Loans less Loan Loss Reserve divided by Tier 1 Capital

The breach of financial covenants above, as a consequence, has triggered cross default clauses stipulated in loan agreements with other six creditors.

To reflect for these breaches and cross default events, the Management of the Group has adjusted its liquidity position by reclassifying funds borrowed from eight creditors for the total amount of UZS 3,388,196 million within Demand less than 1 month profile. The Management is in process of communication of the breach with financial institutions. The Management is undertaking a number of measures to mitigate funding shortages in case of immediate debt recall as discussed in Note 4.

As at 31 December 2020, the Group had a cumulative liquidity shortfall of UZS 1,450,917 million up to one year, which reflects the effects of the decision to classify UZS 3,388,196 million as "demand and less than 1 month" as a result of the non-compliance with the covenants mentioned above.

Should the adjustment for liquidity gap have not been made, net liquidity gap up to one year would have been surplus of UZS 607,122 million.

Management believes that in spite of the fact that a substantial portion of customer accounts is on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group. Thus, the management believes that significant maturity mismatch between assets and liabilities with maturity up to 12 months and more does not represent significant risk to the Group's liquidity, as very low proportion of due to other banks, demand deposits and short-term deposits is expected to be withdrawn based on the Group's past years' and current year experience, which is consistent with the general banking practices in the banking sector of Uzbekistan.

The following table shows undiscounted cash flows on financial liabilities and credit-related contingencies by the earliest contractual maturity. Total gross cash flow amounts outflow disclosed in these tables are contractual undiscounted cash flows on financial liabilities and credit-related contingencies. In relation to financial guarantee contracts the maximum guarantee amount falls within the earliest period when the guarantee might be used.

The undiscounted maturity analysis of financial liabilities at 31 December 2020 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	862,007	910,014	223,861	786,183	2,782,065
Customer accounts	3,200,113	1,915,490	2,991,179	2,442,097	10,548,879
Debt securities Issued	2,642	38,523	55,995	-	97,160
Other borrowed funds	4,553,745	2,379,855	2,938,404	5,561,184	15,433,188
Lease liabilities	630	3,045	3,374	6,363	13,412
Other financial liabilities	55,365	-	-	-	55,365
Subordinated debt	5,935	5,059	6,206	297,161	314,361
Total potential future payments for financial obligations	8,680,437	5,251,986	6,219,019	9,092,988	29,244,430
Gross credit-related commitments	1,149,699	65,824	410,002	-	1,625,525

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The undiscounted maturity analysis of financial liabilities at 31 December 2019 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	178,540	227,845	189,600	617,249	1,213,234
Customer accounts	1,652,645	1,268,854	1,003,190	2,634,458	6,559,147
Debt securities issued	2,216	36,946	15,527	78,655	133,344
Other borrowed funds	66,041	2,263,436	2,580,150	2,472,435	7,382,062
Lease liabilities	508	2,665	3,422	11,992	18,586
Other financial liabilities	52,573	-	-	-	52,573
Subordinated debts	5,391	4,626	5,637	286,735	302,389
Total potential future payments for financial obligations	1,957,914	3,804,372	3,797,526	6,101,524	15,661,335
Gross credit-related commitments	899,717	-	-	-	899,717

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Uzbekistan Civil Code, individuals have a right to withdraw their deposits prior to maturity if they forfeit their right to accrued interest.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

30 Management of capital

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the CBU and (ii) to safeguard the Group's ability to continue as a going concern. Compliance with capital adequacy ratios set by the CBU is monitored monthly, with reports outlining their calculation reviewed and signed by the Bank's Chairman and Chief Accountant.

Under the current capital requirements set by the CBU, banks have to maintain ratios of (actual ratios given below are unaudited):

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 13% (2019: 13%). Actual ratio as at 31 December 2020: 17%;
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (2019: 10%). Actual ratio as at 31 December 2020: 16% and;
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (2019: 6%). Actual ratio as at 31 December 2020: 14%.

Total capital is based on the Group's reports prepared under Uzbekistan Accounting Legislation and related instructions and comprises:

	31 December 2020 (unaudited)	31 December 2019 (unaudited)
Tier 1 capital	5,079,656	4,430,598
Tier 2 capital	480,646	372,339
Less: deductions from capital	(279,967)	(170,709)
Total regulatory capital	5,280,335	4,632,228

Regulatory capital consists of Tier 1 capital, which comprises share capital, additional paid in capital, retained earnings, excluding current year profit, less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit.

31 Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2020 and 31 December 2019 no provision for potential tax liabilities had been recorded. The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital commitments – As at 31 December 2020, the Group had the total capital commitments of UZS 72,086 million.

Operating lease commitments – The Group had no material operating lease commitments outstanding at 31 December 2020 and 2019.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit.

With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

	31 December 2020	31 December 2019
Financial guarantees issued	763,825	478,545
Letters of credit, post financing with commencement after reporting period end	522,504	231,541
Undrawn credit lines	241,785	164,863
Letters of credit, non - post financing	97,411	24,768
Gross credit related commitments	1,625,525	899,717
Less: Commitment collateralised by cash deposits	(132,140)	(24,772)
Less: Provision for expected credit losses	(14,327)	-
Total credit related commitments	1,479,058	874,945

The total outstanding contractual amount of letters of credit, guarantees issued and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

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Credit related commitments are denominated in currencies as follows:

	31 December 2020	31 December 2019
USD	968,753	465,288
EUR	414,592	234,880
UZS	242,180	199,549
Gross credit related commitments	1,625,525	899,717

32 Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). The Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

The Group considers that the accounting estimate related to the valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) It is highly susceptible to changes from year to year, as it requires the Management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific features of transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on the consolidated statement of financial position, as well as, the related profit or loss reported on the consolidated statement of profit or loss, could be material.

Fair value of the Bank's financial assets that are measured at fair value on a recurring basis

Fair value of equity securities measured at fair value through other comprehensive income was determined using dividend discount model due to absence of quoted market prices in an active market for similar instruments. The management of the Bank classified these operations as Level 3 fair value hierarchy.

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Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

The fair value of financial assets and financial liabilities at 31 December 2020 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Loans and advances to customers	24,868,630	23,400,074	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Due from other banks	246,594	238,548	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Due to other banks	2,560,842	2,551,408	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Debt securities issued	88,059	94,772	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Customer accounts	9,444,823	9,115,598	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Other borrowed funds	13,499,444	13,137,615	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value

As at 31 December 2020, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019. Such financial instruments were categorised as Level 2.

For those financial instruments where interest rates were not directly available in the CBU statistical bulletin, the Management used discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period, thereby, categorizing such instruments as Level 3.

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The Fair value of financial assets and financial liabilities at 31 December 2019 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Loans and advances to customers	15,884,270	15,394,672	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Due from other banks	247,196	246,060	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Due to other banks	1,066,756	1,042,050	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Debt securities issued	105,695	110,228	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Customer accounts	5,589,737	5,041,588	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Other borrowed funds	6,949,992	6,892,828	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value

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33 Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group applies a disclosure exemption regarding Government-related entities, where the same Government has control or joint control of, or significant influence over, both the Group and the other entities, disclosed as "entities under common control".

- "Significant shareholders" – legal entities-shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank;
- "Government related entities" – entities that are controlled, jointly controlled or significantly influenced by the Government.

Key management compensation is presented below:

	2020	2019
Salaries and other short term benefits	3,419	1,281
Social security contribution	410	316
Total	3,829	1,597

At 31 December 2020, the outstanding balances with related parties were as follows:

	Significant Shareholders	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	-	1,488,764	-	-	1,488,764
Due from other banks	-	231,648	-	-	231,648
Loans and advances to customer (contractual interest rate 3-26%)	-	1,766,196	42,328	39	1,808,562
Investment securities	1,277,049	132,239	-	-	1,409,288
Other assets	-	246	-	-	246
Due to other banks (0%-18%)	-	2,135,561	-	-	2,135,561
Customer accounts	3,364,185	2,214,269	177	-	5,578,631
Other borrowed funds (0%-14%)	7,299,154	1,046,187	-	-	8,345,341
Debt securities Issued(16%-19%)	5,000	60,900	-	-	65,900
Subordinated debt (5.9%)	214,428	-	-	-	214,428

At 31 December 2019, the outstanding balances with related parties were as follows:

	Significant Shareholders	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	-	481,942	-	-	481,942
Due from other banks	-	226,548	-	-	226,548
Loans and advances to customer (contractual interest rate 3%-26%)	-	1,861,434	53,121	28	1,914,583
Investment securities	-	115,017	-	-	115,017
Other assets	-	61	-	-	61
Due to other banks (0%-18%)	-	474,168	-	-	474,168
Customer accounts	2,023,765	2,659,815	581	-	4,684,161
Other borrowed funds (0%-14%)	4,939,851	190,327	-	-	5,130,178
Debt Securities (16%-19%)	5,000	82,800	300	-	88,100
Subordinated debt (5.9%)	194,769	-	-	-	194,769

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The income and expense items with related parties for 2020 were as follows:

	Significant Shareholders	Government related entities	Associates	Total
Interest income	19,027	97,595	4,311	120,933
Interest expense	(404,732)	(284,010)	-	(688,742)
Fee and commission income	15,140	24,675	-	39,816

The income and expense items with related parties for 2019 were as follows:

	Significant Shareholders	Government related entities	Associates	Total
Interest income	-	142,095	6,759	156,834
Interest expense	(217,423)	(98,804)	(42)	(316,269)
Fee and commission income	41,976	40,239	-	82,215
Other operating income	-	-	115	115

34 Subsequent events

On 11 March 2021, the Group and the Landesbank Hessen-Thüringen Girozentrale signed Basic Loan Agreement. Under this agreement the Group will further sign Individual Loan agreements (ILA) with maturities of 6 years to finance projects in Uzbekistan. Subsequent to the reporting date, the Group signed two ILAs in the amount of EUR 10.5 million and is planning to further finance investment projects in the amount of EUR 77.6 million.

On 22 April 2021, the Group and the Cargill Financial Services International signed loan agreements in the total amount of USD 50 million with maturities up to three years. Furthermore, the Group received funds from the Cargill Financial Services International for loan agreements that were signed on 16 December 2020 in the total amount of 40 million USD with maturities up to three years. The obtained funds will be used for financing the import of drip irrigation equipment.

The Bank was provided with additional liquid resources on the basis of the Presidential Decree #4633 dated 6 March 2020 "On measures for wide implementation of market principles in the cotton growing industry" and the resolution of the Cabinet of Ministers of the Republic of Uzbekistan #130 dated 11 March 2021 "On the organisation of Government financial support for producers of agricultural goods" in the amount of UZS 2,756,634 million with maturities ranging from 12 to 18 months for financing projects related to the agricultural industry.

On the basis of the Presidential Decree #5041 dated 27 March 2021 "On additional measures implemented in the framework of family entrepreneurship development programs", the Bank received additional funds from the Uzbekistan Reconstruction and Development Fund (UFRD) in the amount of UZS 800,000 million with maturity of 7 years and UZS 208,000 million with maturity of 6 years under the state program of "Every family is an entrepreneur".

Furthermore, in 2021 according to the Presidential Decree #5041 dated 27 March 2021, the Group shall increase its Share Capital in the amount of UZS 700,000 million. Thus, the Group is expecting to receive funding from the Ministry of Finance in August 2021 to increase its share capital.

Subsequent to the reporting date, the Group has attracted further long term financing from International financial institutions for the total amount of EUR 39 million from credit lines that were concluded in 2020.